DOCUMENT OF INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

Not For Public Use

Report No. EMA-56a

CURRENT ECONOMIC POSITION AND PROSPECTS OF THE ARAB REPUBLIC OF EGYPT

December 30, 1972

Europe, Middle East and
North Africa Department

CURRENCY EQUIVALENTS

1 Egyptian Pound (LE)*	=	2.30 US Dollars
1 US Dollar*	=	LE 0.435
1 LE = 100 Piasters	=	1,000 Miliemes
1 Tallarie	=	20 Piasters

* The exchange rate with the US Dollar remained unchanged in December 1971.

WEIGHTS AND MEASURES

1 hectare	=	2.379 feddans
1 feddan	=	1.038 acres
1 acre	=	0.963 feddans
1 sq. kilometer	=	238 feddans
1 ardeb (metric)	=	198 liters
	=	158 kilograms (kg) of wheat, lupine, fenugreek
	=	155 kg of beans, sesame, lentils, chick peas, clover
	=	140 kg of maize, millet, groundnuts
	=	120 kg of cottonseed, barley
1 kantar	=	157.5 kg of seed cotton
	=	20.2 kg onions
	=	45 kg sugarcane
1 dariba (metric)	=	945 to 935 kg of rice (paddy)

FISCAL YEAR

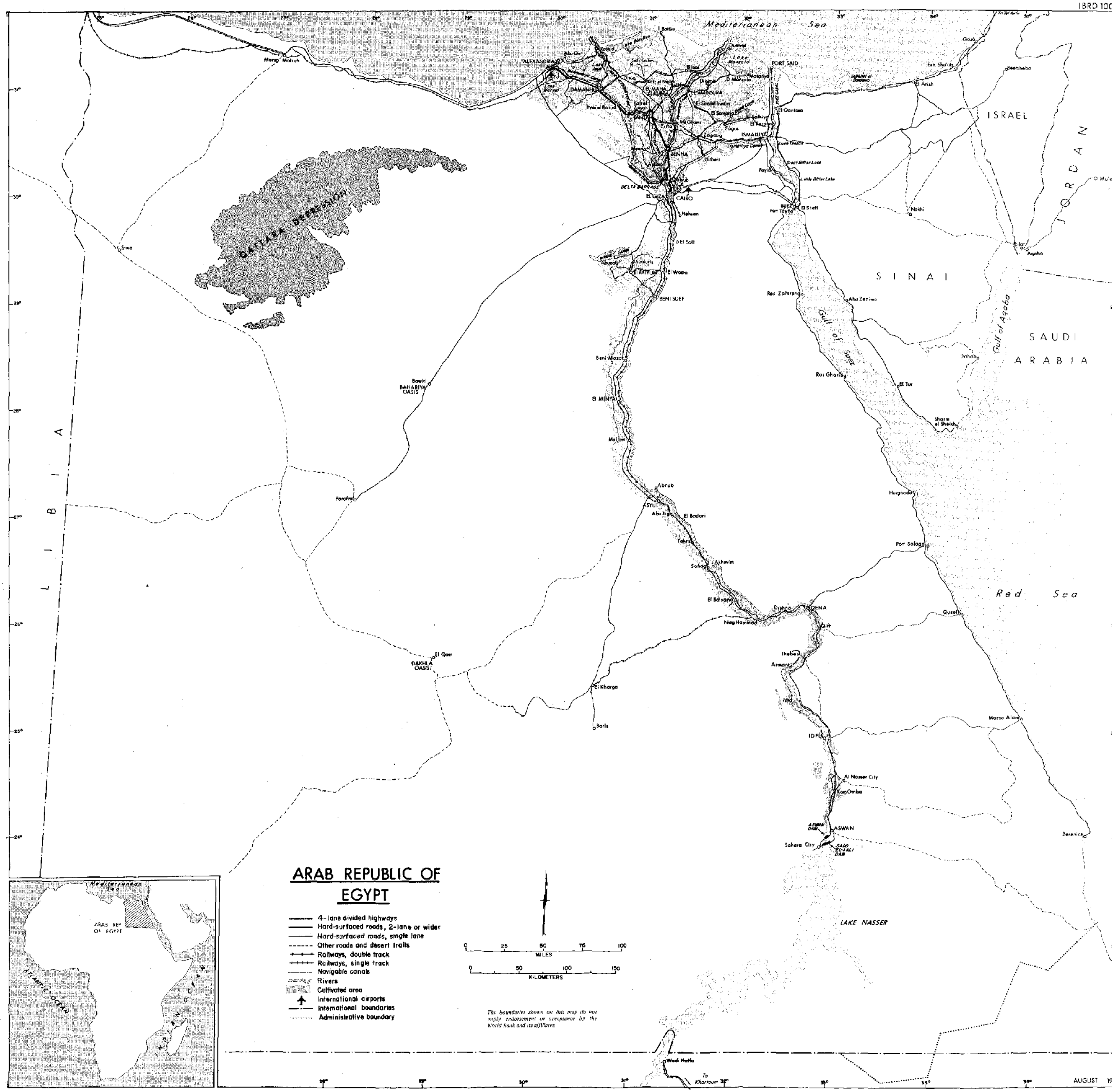
The Government's fiscal year ends on June 30.

This report is based on the findings of an Economic Mission which visited Egypt in March/April 1972. The mission was composed of the following members:

Robert Armstrong	-	Chief of Mission
Roger Carmignani	-	Industrial Economist
Franz Heidhues	-	General Economist
Hans-Joachim Lell	-	Industrial Economist
S. Rangachar	-	Economist
R. Venkateswaran (part-time)	-	Special Projects Adviser
Carlos Merayo (part-time)	-	Debt Specialist
William Grau	-	Debt Specialist
Claude Brisson (Consultant part-time)	-	Transport Economist
William Brown (Consultant)	-	Manpower and Rural Development Specialist
Wyn Owen (Consultant)	-	Agricultural Economist

TABLE OF CONTENTS

IBRD 10047



Mediterranean Sea

ARAB REP. OF EGYPT

ATLANTIC OCEAN

INDIAN OCEAN

COUNTRY DATA - EGYPT

AREA
1,002,000 km^2

POPULATION
34.1 million (mid-1971)
Rate of Growth: 2.5% (from 1960 to 1970)

DENSITY
34 per km^2
950 per km^2 of inhabited area

POPULATION CHARACTERISTICS (1970)

Crude Birth Rate (per 1,000)	35.6	
Crude Death Rate (per 1,000)	15.0	
Infant Mortality (per 1,000 live births)	119	(1969)

HEALTH (1970)
Population per physician: 2025
Population per hospital bed: 455

NUTRITION
Calorie intake as % of requirements: 103% (1970)
Per capita protein intake (grammes): 83.5 (1969)

EDUCATION
Adult literacy rate: 40% (1971)
Primary school enrollment: 70% (1970)

GNP PER CAPITA: $206 (1970/71) 1/

GROSS NATIONAL PRODUCT IN 1970/71 2/ — **ANNUAL RATE OF GROWTH (%, constant prices)**

	US $ Mln.	%	1960-65	1965-70	1971
GNP at Market Prices	7,242	100.0	6.5	2.9	3.4
Gross Domestic Investment	868	12.0	14.9	-3.9	-12.2
Gross National Savings	641	8.9	-	-	-
Current Account Balance	-227	3.1	-	-	-
Exports of Goods, NFS	1,017	14.0	5.7	- 3/	4.7
Imports of Goods, NFS	1,380	19.1	11.2	- 3/	12.5
Transfers, net receipts	272	3.8	-	-	-

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1969/70

	Value Added		Employment		Value Added Per Worker	
	US $ Mln.	%	Mln.	%	US $	%
Agriculture	1,793	31	4.05	49	442	62
Industry	1,654	28	1.36	16	1216	171
Services	2,424	41	2.86	35	848	119
Total/Average	5,871	100	8.27	100	710	100

GOVERNMENT FINANCE

	Central/Federal Government		
	(LE Mln.)	% of GDP	
	1970/71	1970/71	1969/71
Current Receipts	865	28.0	28.0
Current Expenditure	897	29.0	27.2
Current Surplus	-32	1.0	0.8
Capital Expenditures	358	11.6	11.7
External Assistance (net)	-2	-0.1	-0.4

1/ The Per Capita GNP estimate is at 1970 market prices, calculated by the same conversion technique as in the 1972 World Atlas. All other conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

2/ GNP and savings are defined here inclusive of net transfer receipts, most of which consist in payments from Arab countries to compensate Egypt for the loss of Suez Canal dues.

3/ Accurate constant price growth rates are not available owing to insufficient information concerning trade deflators. Moreover, the export growth rate for this period is biased by the drop in Suez revenues after 1966/67. Between 1967/68 - 1970/71, exports (in current prices) rose on the average by 12.5 percent annually, imports by 10.6 percent annually. See also the note to Table 2.2 in the Statistical Annex.

COUNTRY DATA - EGYPT

MONEY, CREDIT and PRICES	1965/66	1968/69	1969/70	1970/71	Dec. 1971	Apr. 1972
	(Million LE outstanding, end period)					
Money and Quasi Money	912	1005	1106	1104	1163	1175
Bank Credit to Government	870	1028	1133	1232	1333	-
Bank Credit to Non-Government Sector	397	435	456	491	549	-
	(Percentages or Index Numbers)					
Money and Quasi Money as % of GDP 1/	42	37	37	36	-	-
General Price Index (1964/65 = 100)	102.9	108.2	110.4	111.0	-	-
Annual percentage changes in:						
General Price Index	2.9	1.3	2.0	0.5	2.5 2/	-
Bank Credit to Government	8.8	5.2	10.2	8.7	13.4 3/	8.4 4/
Bank Credit to Private Sector	4.7	7.4	4.9	7.6	5.1 3/	1.0 4/

BALANCE OF PAYMENTS, 1968/69-1970/71: (millions US $)

	1968/69	1969/70	1970/71
Exports of Goods, NFS	833	936	965
Imports of Goods, NFS	1037	1274	1412
Resource Gap (deficit =)	-204	-338	-447
Factor Payments, net	-32	-31	-41
Transfers, net	288	320	272
Balance on Current Account	52	-49	-216
Medium and Long-Term Loans	-68	-18	18
Disbursements	(178)	(249)	(349)
Amortization	(244)	(267)	(331)
Other Capital, net	34	61	42
Overall Balance (deficit =)	18	-6	-156
Errors and Omissions	5	-5	-25

Reserve Position, end of:	1968	1969	1970	1971
Gross Reserves	385	383	376	364
Net Reserves	-350	-417	-535	-768

MERCHANDISE EXPORTS

(Average of period: 1968/69-1970/71)

	($ mln.)	%
Raw cotton	338	45
Cotton yarn and textiles	118	16
Rice	92	12
Onions	16	2
All other commodities	181	25
Total	745	100

EXTERNAL DEBT, DECEMBER 31, 1971

	US $ mln
Public Debt, incl. guaranteed	1,371
Non-Guaranteed Private Debt	-
Total Outstanding & Disbursed	1,371

DEBT SERVICE RATIO for 1970/71 5/

	%
Public Debt, incl. guaranteed IBRD data	20

RATE OF EXCHANGE

Through - 1971

US $ 1.00 = LE 0.435
LE 1.00 - US $2.30

Since - 1971

US $ 1.00 = LE 0.435
LE 1.00 = US $2.30

IBRD/IDA LENDING, (Sept, 30, 1972) (Million US $)

	IBRD	IDA
Outstanding and Disbursed	13.7	0.4
Undisbursed	-	55.6
Outstanding incl. Undisbursed	13.7	56.0

1/ End period stock as % of period GDP.
2/ Change in consumer price index from 4th quarter of 1970 to 4th quarter of 1971.
3/ Based on annual rate from December 1970 - December 1971.
4/ Based on annual rate from April 1970 - April 1971, with slightly different coverage from previous years, as reported in IFS.
5/ Ratio of debt service to exports of goods and non-factor services plus transfers.

SUMMARY AND CONCLUSIONS

1. In the twenty years which have passed since the Revolution of 1952, Egypt's economy has undergone a transformation from an essentially private enterprise economy to a largely government-owned and centrally-controlled system. The years 1956 and 1961 were actually more significant turning points than 1952, from the standpoint of economic organization and policy. In the first years of the regime which took power in 1952, economic and social policies were directed mainly at improving the conditions in which private enterprise could flourish, although the Government did implement a major land reform program and approved major reclamation schemes such as the High Dam and New Valley developments. Following the Suez War of 1956, the influence of the foreign community in the economic life of the country was largely eliminated, and in 1957 the Government launched an Industrialization Plan. In 1960, Egypt moved a long step towards comprehensive planning with its First Five Year Plan. Already by 1960 the Government had assumed responsibility for nearly all investment. Following the nationalizations in 1961 of the bulk of industrial, commercial and financial enterprises, most current production decisions also came under State control. In the course of the 1960's, State control over trade, transport, services and agriculture was also extended and strengthened. The management of the Egyptian economy is now highly centralized, and the functioning of market forces has largely been displaced by direct controls.

2. With the impetus of the First Five Year Plan, Egypt's economic growth accelerated in the early 1960's to an average annual rate of about 6 percent -- nearly reaching the ambitious Plan target of 7 percent. This was considerably faster than the pace of growth in the 1950's. However, the increased investment rate of the early 1960's was accompanied by growing defense spending (reflecting Egypt's involvement in Yemen), and this led to serious inflationary and balance of payments' pressures by the mid-1960's. In 1966/67, the Government was compelled to impose severe import restrictions and deflationary policies, resulting in negligible growth in that year. Thus, the war of June 1967 compounded an already difficult situation, and there was a substantial fall in GNP in 1967/68.

3. In the succeeding three years, the economy recovered rapidly, and the growth rate of GDP averaged about 5 1/2 percent annually. However, defense spending has taken a progressively greater share of Egypt's resources (reaching 15 percent of GNP in 1970/71), largely at the expense of investment expenditure, which has fallen to about 12 percent of GNP in recent years. In the aftermath of the 1967 war, Egypt abandoned its system of medium-term planning. A new Five Year (1973-77) Plan is currently under discussion at the highest levels of Government, but it is not yet clear when this Plan is to be promulgated. This Plan aims at a 6 1/2 percent average annual growth in GNP.

4. While the long-term growth potential of the Egyptian economy appears very promising, the near-term prospects for approaching the Plan target will remain much less promising in the absence of major new efforts

to remove or overcome the formidable proximate constraints to development. The most severe constraints appear to be: (a) the defense burden; (b) the scarcity of convertible foreign exchange (including funds not tied to new investment projects); (c) the debt burden (notwithstanding some recent reschedulings); and (d) the rigid and arbitrary nature of the decision-making process, wherein a highly centralized administration regulates nearly all production, distribution, employment and financial decisions, leaving little room for the market mechanism or for individual incentives to play a role. Rapid population growth also looms as a critical constraint.

5. The overriding determinant of Egypt's current economic performance and prospects is undoubtedly the conflict with Israel. This affects nearly every aspect of the economy, including the share of defense spending (presently about 35 percent of total Government expenditure), the deficits in the balance of payments, the direction of trade, the sources and levels of capital financing (both domestic and foreign), the sectoral allocation of resources, employment and price levels, tourism and transport development, and the prospects for regional political and economic cooperation.

6. In the period 1968/69-1970/71, the value added in agriculture rose by more than 2 percent annually, in industry by 10 percent and in services by 5 percent. Also in this period, public consumption rose by 12 percent annually (defense expenditures by twice that rate), private consumption rose by 5 1/2 percent annually, and the growth of exports (not including factor services) averaged 9 percent annually. However, despite a rapid growth in imports (averaging 12 percent per year), investment remained low (under 12 percent of GNP). This recent period was also been characterized by increased deficit financing, growing inflationary pressures, and severe balance of payments difficulties.

7. Despite the considerable constraints to development imposed by the state of hostilities, there have also been some auspicious developments in the economy, other than those implicit in the growth figures cited. These include a rapid growth in Government revenues, fuller utilization of industrial capacity, a resurgence of tourism in 1971 and 1972, the conclusion of new trade, aid and/or debt rescheduling agreements with Western countries, agreement with European financiers on the terms for a major ($360 million) pipeline investment, and some promising indications of future petroleum possibilities.

8. The advent of the Sadat Government has also brought some tentative moves in the direction of liberalization and decentralization in economic decision-making. Also, in an effort to attract private Western and Arab capital, an International Bank for Foreign Trade and Development was established and a new Investment Code was adopted. A reorganization of the banking system is underway, and there are plans to restructure the public sector industries to give firm managements more autonomy and to provide greater incentives in the wage structure. A much-needed Price Board has also been created to study ways in which the price system can be reformed

to achieve more efficient allocation -- in keeping with the income distribution and other goals of pricing policy. All of the above actions or statements of intention appear to be constructive movements, and they may be taken as evidence of more flexible economic attitudes. Thus far, however, their net effect on the economy has been small.

9. There are also some disturbing elements in the picture of Egypt's recent economic performance. For example, not only have investment expenditures been squeezed by the growing defense spending, but so have needed current developmental expenditures. Employment has grown only slowly (by about 2 percent annually in recent years), resulting in an increase in unemployment and underemployment. Claims by the military on skilled and managerial personnel have had an adverse effect on the civilian economy. Average wages have risen faster than productivity, adding cost-push inflationary forces to existing demand-pull forces, with a high level of Central Bank deficit financing contributing to the latter. Price controls are suppressing some of the inflationary pressure. The rapid rise in imports has also absorbed some of this pressure. However, the consequence of the rapid import growth has been a deterioration in the balance of payments. Net foreign exchange reserves have fallen steadily to such an extent that by mid-1972 foreign liabilities exceeded foreign assets by the equivalent of six months imports.

10. The balance of payments situation remains a critical constraint to Egypt's short-run development. Although transfer receipts from Arab countries are more than sufficient to offset the loss of Suez Canal revenues, the overall availability of foreign exchange has not been sufficient to finance both the servicing of debt and a level of imports consistent with the requirements of rapid and balanced growth of the civilian economy. While a number of Egypt's major investment projects are supplied and financed from Russia and other Eastern countries, the continuing scarcity of convertible exchange is still resulting in a hand-to-mouth financing of imports from, and debt service to, convertible currency countries. This situation (together with the political situation) has precluded the possibility of meaningful multi-year planning, and allocative efficiency has suffered as a result. The insufficiency of imported raw materials is no longer such a serious cause of idle capacity as in the recent past, but the exchange problem continues to underlie current defaults on debt service (to Germany and Japan), shortages of spare parts and replacement equipment, and a low level of overall investment. In addition to the need to replace existing capital stock in some sectors (especially transport), some new infrastructural investments are badly needed -- especially those associated with urbanization.

11. Egypt has a serious demographic problem. The population is already the most densely settled in the world, and is growing rapidly. A high rate of natural increase is combined with a high rate of internal migration to urban areas, resulting in growing urban congestion -- especially in Cairo. Especially in light of Egypt's already high dependency ratio, and its low rate of participation in the labor force, this rapid population growth is burdening the economy by creating expensive needs for infrastructure and social services -- at the expense of foregone capital

deepening. In the longer run, continuing rapid population growth portends worsening problems of unemployment and underemployment, and even greater pressure on the land. A promising beginning has been made on a national family planning program, but much more needs to be done -- and quickly. The future costs of delay could be extremely high. And greater attention will need to be given to issues relating to population location and migration, and to the implications of development policies for the balance of urban vis-a-vis rural development.

12. Agriculture remains Egypt's most important sector in terms of its contribution to GDP (about 30 percent), its provision of employment (about half of total employment) and its generation of foreign exchange earnings (about 55 percent of total exports in unprocessed form, about 80 percent including processed farm products). The growth rate of value added (in real terms) in agriculture has averaged about 3 1/3 percent annually over the past fifteen years. Egypt has already attained quite high levels of physical productivity in agriculture (yields per hectare) even without having introduced the new high yielding strains of wheat and rice. But the growth rates of both yields and labor productivity have declined in recent years. Part of this decline was no doubt related to the 1967 war and its aftermath, and part to the related reduction in the growth of fertilizer applications. On the whole, however, there are grounds for optimism concerning the prospects for further improving productivity and for raising the contribution of the sector to export earnings, domestic savings and employment. Significant progress has been made recently towards a better integration of agricultural policy. This is reinforced by an appropriate shift in investment priorities, from expensive new land development to integrated projects and programs which promise higher short-term returns. These include drainage and soil amelioration, land and cropping consolidation projects, further adjustments in the cropping system in favor of summer crops and vegetables and fruits, improved seeds and increased fertilizer use, and the expansion of protein food production -- especially poultry and fish. However, the impact of this change in priority is yet to be felt, and the scarcity of capital will remain a major constraint limiting the undertaking of these needed programs. A number of other planned projects are highly complementary to agricultural development. These include the rural electrification program, expansion of the fertilizer industry and of the textile and other agricultural product processing industries, and investment in rural education, storage and marketing facilities.

13. Since the nationalization of industry in 1961, the Government's industrial policy has emphasized import-substitution and self-sufficiency targets. The development of some capital-intensive basic industries has also been stressed. Iron and steel manufacturing and transforming industries, together with crude oil extraction and refining, have continued to receive highest priority. It seems doubtful, however, that this inward-looking orientation has been optimal. Owing to its agricultural and other natural resources, its geographical location, the structure of domestic demand, the availability and skill endowment of its low-wage force, and the technical and managerial capacities of its trained personnel, Egypt is well equipped

to develop a wide range of industries directed both to export and domestic markets. Moreover, its continuing balance of payments difficulties emphasize the need for its pattern of industrial development to be geared to take advantage of these resources. The extreme degree of centralization in administrative control over pricing and allocative decisions has largely done away with the signalling and clearing functions of market forces, and has contributed both to the high cost of industrialization and to inefficiency in planning and management. There were some portents of changes in policy in 1971, pointing to a somewhat more outward-looking approach. There have also been indications that there is now a lesser degree of interference in industrial policy and management on the part of Government officials.

14. Egypt's industry has great potential for future growth, and is counted upon to remain the leading sector in the country's development. The domestic market will provide a substantial base for enlarged production -- particularly if the civilian economy regains momentum. A factor of significance in this context is that there appears to be a greater equality of income distribution in Egypt than in most countries at a similar low level of per capita income. There are also good export prospects in goods where Egypt has a demonstrated comparative advantage, as in textiles, food, leather, and engineering goods industries. Moreover, important new comparative advantages are emerging -- partly as consequences of oil and gas discoveries and completion of the Aswan Dam -- in other resource-based industries such as fertilizers, cement and building materials, petrochemicals, and electricity-consuming industries. The prospects for expanding production and exports of crude oil -- a key factor for the economy because of the immediate need for foreign exchange earnings and savings -- are uncertain. But the outlook is not promising for the next two years, when annual production is expected to remain at 15 million tons or less. However, it is thought by most observers that the medium-to-longer term prospects for increased oil extraction are reasonably bright. In any event, the new gas and electricity resources constitute valuable new inputs for further industrialization.

15. Egypt has a vast potential for tourism development, by virtue of its historical sites and treasures, its modern cities, its climate and beaches, its hospitality to foreign visitors, and its moderate prices for tourist services. Its special attractions for Arab visitors are obvious, and its geographical situation is also favorable with respect to tourism from both West and East. In the years 1968-70, however, the number of tourist nights spent in Egypt was less than half the levels reached in 1965 and 1966. There was a strong resurgence of tourism in 1971 and in the first months of 1972, reflecting some easing of tensions in the Middle East. Tourism could be a leading sector in Egyptian development if peace were restored. But there also appear to be good prospects for moderate growth (perhaps by 10 percent annually) even in the face of continuing tensions in the area.

16. In the draft Five-Year Plan for the period 1973-77, industry is given highest priority, claiming one-third of the LE 3 billion investment

planned over the period. Next in importance is transportation/communications (23 percent of planned investment), followed by agriculture (13 percent). Tourism is given very low priority, with private foreign investment relied upon to provide most of the needed investment funds. The investment priorities indicated in this Plan differ somewhat from the composition of investment in the early and mid 1960's, when the High Dam and other agricultural projects were emphasized. The present Plan emphasizes iron and steel and petroleum development, while education and health are also expected to receive greater emphasis. Investment planning in industry continues to be based mainly on physical production targets to achieve self-sufficiency. Sectoral priorities are still established at the highest level of Government, and cost/benefit criteria are not employed in the choice of projects.

17. The import component of the Plan's projected investment is estimated at about LE 750 million -- about a quarter of the total. The sources of financing the Plan have not yet been fully determined, but the share of net foreign financing (not including inflows classified as transfers) is projected at below 10 percent of investment. However, achievement of these targets would imply a major effort in domestic resource mobilization -- which will be difficult to reconcile both with income distribution objectives and with the priority given to military expenditure. The Plan is apparently premised on a growth of public consumption of 6 percent annually -- less than half the rate of recent years. Such restraint in public consumption would seem to imply a considerable cutback in military spending, but whether this can be achieved remains an open question so long as the recovery of occupied territory remains Government's highest priority.

18. The salient feature of Egypt's fiscal development in recent years has been the rapid increase in military spending (26 percent annually in current prices between 1966/67-1970/71), while non-defense current expenditures -- though rising in 1969/70 and 1970/71 -- had still not recovered to their pre-war level as of 1970/71. Similarly, public sector fixed investment also rose somewhat in the period 1968/69-1970/71, but still did not reach the level attained prior to the 1967 war. On the positive side, it should be noted that there has been a major effort to raise revenues. Tax receipts rose by nearly 12 percent annually in the period 1967/68-1970/71, while rapidly rising social security premia also constituted an important effective source of revenue. Nevertheless, total public sector savings remained virtually unchanged in the three years 1968/69-1970/71, their share in GDP falling to about 8 percent and their share in public investment financing falling to about 72 percent in 1970/71. With net external financing of the public sector being nil (actually slightly negative), Central Bank finance rose to about a quarter of total investment financing.

19. Egypt's balance of payments difficulties worsened in 1970/71 as the trade deficit widened to LE 173 million and the current account deficit reached nearly LE 100 million. In contrast to the three preceding years, when there had been a net outflow of medium-and-long term capital, there was a small (LE 8 million) net inflow in 1970/71, as amortization payments on the debt absorbed 95 percent of the gross capital inflow. As in previous years, however, there was a net resource transfer from Egypt to abroad.

20. Raw cotton exports still account for nearly half of Egypt's commodity exports. The stagnation of cotton exports in 1970/71 largely explains the small 3 percent rise in total commodity exports in that year. Egypt has been diversifying its exports in recent years (only a decade ago cotton exports accounted for 70 percent of total exports). In recent years cotton textiles, petroleum, citrus, and cement have been among the rapidly growing exports. The share of Egyptian exports directed to Russia reached nearly 40 percent by 1970, including about one-third of total cotton exports. Egypt maintains substantial trade deficits with her major suppliers from Western Europe, and apparently substantial trade surpluses with the Soviet Union and the Eastern European bloc as a whole.

21. Egypt's outstanding external debt at end December, 1971 was reported at US $1.3 billion disbursed, or $1.8 billion including undisbursed credits — equivalent to about one-fourth of GNP. The USSR is Egypt's principal creditor, followed in importance by the United States, Kuwait, Germany and Italy. In 1971, the average terms of newly contracted loans (as reported to the IBRD) were: interest rate, 6 percent; maturity 8 years; grace period 3 1/2 years; and grant element, 17 percent. Egypt's debt service burden was indicated by a debt service ratio in 1970/71 of about 32 percent according to balance of payments data. The near-term debt servicing burden promises to be very difficult, as 36 percent of the reported outstanding debt at end 1971 was due to be amortized within two years, 51 percent within three years, and 74 percent within 5 years. The debt data noted here reportedly do not include military debt.

22. Projections of Egypt's principal macroeconomic variables suggest that a continuation of the present low savings rate (including transfers, 12-13 percent of GDP in recent years, 9 percent in 1970/71) will almost certainly lead to stagnating per capita income. Certainly if the 6½ percent growth target of Egypt's draft Plan is to be realized, then there will have to be severe restraint on both public and private consumption growth and a major effort to increase the volume and soften the terms on new capital inflows. In light of Egypt's pressing balance of payments' pressures, short-run priorities should emphasize programs or projects having both a short gestation period and an immediate export-earning or import-saving impact. And in keeping with long-run needs, the criteria of employment creation and rural location should also be given considerable weight.

23. The Egyptian economy does have considerable strengths, advantages and opportunities. In comparison with many less developed countries, Egypt is relatively favored in terms of: its geographical, natural, and human resources; the size of its domestic market; the extent of its existing infrastructural development; its technical and managerial experience in agriculture, industry, and other sectors; and its importance to major developed countries and to other Arab countries. Egypt is one of the few countries which may be able to benefit simultaneously from both the "Green Revolution" and large petroleum revenues. And from the standpoint of the country's creditworthiness, the prospects for export growth could be quite good if investment were adequate. Moreover, it may be emphasized in this context that any country's

long-term creditworthiness is fundamentally a matter of its growth potential, and its capacity to transform savings into foreign exchange. This report indicates that Egypt has very promising possibilities.

24. If these many growth opportunities were exploited in accordance with economic criteria and with improved economic management, then Egypt's overall development prospects could be excellent. But there remains the question of whether sufficient domestic and external resources can be mobilized. And this will depend in large measure on the problematic prospects for peace, and to a lesser extent, for petroleum. To a large extent, Egypt's ability to mobilize the needed external resources will be determined by her investment climate and her creditworthiness rating. The reduction of political tensions and the changes in economic policy in the past year or so have improved the outlook, but not by enough to ensure the realization of sustained rapid development. The implication of Egypt's debt profile is that steadily and rapidly rising gross capital inflows will be needed even to sustain a zero net resource transfer, unless there are genuine long-term debt reschedulings or unless the terms on new inflows are very much softer than those applied to recent borrowings. This debt burden makes it all the more imperative that a major effort be made to mobilize domestic resources for development.

I. BACKGROUND AND RECENT DEVELOPMENTS

1. Twenty years have passed since the Revolution of 1952, when a group of young army officers took power in Egypt. In this period, Egypt's economy has undergone a major transformation from an essentially private enterprise market economy to a largely government-owned and centrally controlled system. Other salient developments of the period included implementation of a major land reform program, construction of the Aswan High Dam, industrialization on a broader scale, and the waging of three wars (the Suez War of 1956, the Yemeni involvement of the mid-1960's, and the June War of 1967). All of these developments profoundly affected not only Egypt's economic organization and institutions but also the structure of production and employment and the direction of aid and trade relationships.

2. The Free Officers who came into power in July 1952 were not originally committed to State control in the economic field. Indeed, in the first years of their rule, their economic and social policies were directed mainly at improving the conditions in which private enterprise could flourish. The principal economic innovations of the new regime were a major land reform program and an increased emphasis on agricultural development, as shown by the approval of major land reclamation schemes such as the High Dam and New Valley.

3. The year 1956 was more of a turning point in economic and social policy than was 1952. The Suez War resulted in a consolidation of the authority of the new regime, following which the influence of the considerable foreign community in the economic life of the country was largely eliminated. Not only was the Suez Canal nationalized, but with the sequestration of British and French property, the Government acquired control over the main part of the banking and insurance system and some business enterprises. In 1957, the Government announced its commitment to comprehensive planning, to begin three years later. In the interim, an industrialization program was begun and the role of the State in promoting long-term growth increased substantially. By 1960, the Government had already assumed responsibility for nearly all investment, whereas before 1952 it accounted for less than a quarter of total capital formation.

4. The early 1960's comprised still another phase in Egypt's movement towards Arab Socialism and comprehensive control of the economy. In 1960, a Five Year Plan was launched with the aim of achieving a growth rate of GDP of about 7 percent annually. In 1961, the Government nationalized the bulk of industrial, commercial and financial enterprises -- both foreign and Egyptian. Land, housing, internal trade and transport were not much affected by these nationalizations, though the Government did redistribute more land and impose rigid controls on rents. In the course of the 1960's, the public sector extended its control over trade and transport; through the control of producers' cooperatives and other institutions, its control of agriculture was also strengthened. Small industry and some services (including housing) have remained in the private sector. But these too are subject to the pervasive price controls and rationing which have largely displaced the role of market forces in determining resource allocation.

5. A Second Plan, for the period 1965/66 to 1969/70, was prepared but never implemented. After the 1967 war, the system of medium-to-long term planning was abandoned; planning since then has been on an ad hoc short-term basis. While reference is made to annual plans, in practice an annual budget and frequently-revised foreign-exchange budget appear to have been the main instruments of planning. Various drafts of a third Five-Year Plan have been under discussion for several years, but political and economic uncertainties have precluded adoption of another plan. Now the Government has formulated the broad outlines of a Ten-Year Plan for the period 1973-82. The priorities and principal projects envisaged for the first five years (1973-77) are currently being discussed in government forums, while technical work on the Plan is continuing within the various Ministries.

6. The predominant role of the public sector in the Egyptian economy is indicated by the fact that public consumption now accounts for nearly 30 percent of total consumption, while public investment accounts for about 90 percent of total investment. In such a centrally directed economy, the lines are blurred between fiscal, pricing, and wage policies. Costs and prices are administered not so much towards achieving economic efficiency as towards achieving the Government's goals respecting income distribution and resource mobilization. Savings as well as investments are largely directed through the budget; for example, nearly all savings generated by the public authorities and economic organizations are transferred via the Treasury. Investment financing for the business sector is provided mainly by Government loans or participations, while household savings mobilized through financial intermediaries and contractoral savings schemes are also channelled through the budget. Thus, Egypt's public finance decisions are crucial not only with respect to mobilizing and allocating resources for economic growth, but they also bear heavily on issues of income distribution, price stability, and balance of payments management.

7. The most severe constraints to Egyptian economic development appear to be: (a) the defense burden; (b) the immediate need for convertible foreign exchange (including funds not tied to new investment projects); (c) the debt burden (notwithstanding some recent reschedulings); and (d) the rigid and arbitrary nature of the decision-making process, wherein a highly centralized administration regulates nearly all production, distribution, employment and financial decisions, leaving little room for the market mechanism or for individual incentives to play a role. Rapid population growth also looms as a critical constraint.

8. The overriding determinant of Egypt's current economic performance and prospects is undoubtedly the conflict with Israel. This affects nearly every aspect of the economy, including the share of defense spending (presently about 35 percent of total Government expenditure, 15 percent of GNP), the deficits in the balance of payments, the direction of trade, the sources and levels of capital financing (both domestic and foreign), the sectoral allocation of resources, employment and price levels, tourism and transport development, and the prospects for political and economic cooperation in the region.

9. The balance of payments situation remains a critical constraint to Egypt's short-run development. Although transfer receipts from Arab countries have been more than sufficient to offset the loss of Suez Canal revenues, the overall availability of foreign exchange has not been sufficient to finance both the servicing of debt and a level of imports consistent with the requirements of rapid and balanced growth of the civilian economy. While a number of Egypt's major investment projects are supplied and financed from Russia and other Eastern countries, the continuing scarcity of convertible exchange is still resulting in a hand-to-mouth financing of imports from, and debt service to, convertible currency countries. This situation (together with the political situation) has precluded the possibility of meaningful multi-year planning, and allocative efficiency has suffered as a result. The insufficiency of imported raw materials is no longer such a serious cause of idle capacity as in the recent past, but the exchange problem continues to underlie current defaults on debt service (to Germany and Japan), shortages of spare parts and replacement equipment, and a low level of overall investment (about 12 percent of GDP in 1970/71). In addition to the need to replace existing capital stock in some sectors (especially transport), some new infrastructural investments are badly needed - especially those associated with urbanization. Congestion in Cairo is already a major problem, and with the labor force growing by about 3 percent annually, it is evident that urban unemployment and under-employment are likely to become increasingly serious problems.

The Growth Record

10. In the first half of the twentieth century, per capita income in Egypt probably fell, perhaps by as much as 20 percent. The economic position improved after World War II, and income per head began to rise slowly, despite the rapid increase in population which began at this time. From the revolution of 1952 through the mid-and late 1950's, the GNP probably grew at between 3-1/2 - 4 percent annually. In the early 1960's, following the introduction of the First Development Plan, investment increased substantially, and the growth rate rose to over 6 percent per year. However, this acceleration was accompanied by growing public consumption, and was not matched by a corresponding rise in domestic savings. The control of domestic prices suppressed the growing inflationary pressures, but with an adverse effect on the balance of payments. Insofar as foreign exchange reserves were virtually exhausted by the early 1960's, the consequence was a rapid increase in external debt -- both long-term and short-term. Import restrictions and exchange controls were tightened, but these restrictions caused shortages of imported inputs which in turn led to an underutilization of capacity.

11. In contrast to the first half of the 1960's, the second half of the decade was marked first by a slowdown in economic activity (in 1965/66 and 1966/67), then by the adverse economic effects of the 1967 war and its aftermath. The slowdown beginning in 1965/66 was attributable to inadequate imports for industrial growth. In 1966/67, an unfavorable harvest aggravated an already difficult external payments position. In response, the authorities further tightened import restrictions and carried out deflationary fiscal and monetary policies, which included cutbacks in both military and investment

spending. Economic growth in 1966/67, therefore, was negligible. Thus, the Middle East war of June 1967 came at a time when the economy was already in difficulty. Among the immediate adverse effects of the war were: the loss of foreign exchange earnings from the Suez Canal and from tourism, damage to industry and infrastructure in the Canal zone, and the loss of oilfields in Sinai. GDP declined in 1967/68 by an estimated 2-1/2 percent, and the stabilization measures adopted earlier were reinforced. Import restrictions were tightened again, taxes were increased, and both investment and non-defense current expenditures were severely contained.

12. The economy showed considerable resilience in the face of the dislocations caused by the war. With the help of Arab financial support and increased petroleum revenues, GDP rose in 1968/69 by over 5 percent. A recovery of industry and increased construction activity (both civilian and military) provided most of the impetus. In 1969/70 and 1970/71, despite considerable constraints imposed by the state of hostilities with Israel, there were other auspicious developments in the economy. These included: continuing agricultural growth, a fuller utilization of industrial capacity (with industrial growth of about 10 percent annually), a resurgence of tourism in 1971 and 1972, the conclusion of new trade, aid and/or debt rescheduling agreements with Western countries, agreement with European financiers on the terms for a major ($360 million) pipeline investment, and some promising indications of future petroleum potentialities. GDP growth during the last two years (FY 1969/70 and 1970/71) averaged about 5-1/2 percent, with some slowdown evident in the latter year. The following table provides a summary of the overall evolution of the major economic variables in recent years:

Table I.1

Changes in Major Economic Variables

National Accounts	1966/ 1967	1967/ 1968	1968/ 1969	1969/ 1970	1970/ 1971	Three-Year Ave. Annual Change 1968/69-1970/71
	(In £E billions,		1964/65	prices)		(Percent)
GDP (factor costs)	2.10	2.05	2.16	2.31	2.41	5.6
Agriculture	.58	.60	.60	.64	.63	2.1
Industry /1	.56	.54	.61	.66	.72	10.1
Services	.96	.91	.95	1.01	1.06	5.2
Gross Investment	.35	.31	.28	.36	.32	1.0
Exports, gnfs	.42	.28	.33	.35	.36	8.7
Imports, gnfs	.48	.46	.47	.58	.65	12.0
Financial Indicators (In £E millions, current prices)						
Balance of payments, current deficit	48	71	23	21	94	.
Ordinary revenues	597	484	534	618	635	9.5
Current expenditures	663	616	651	835	897	13.4
of which: defense /2	(167)	(224)	(268)	(386)	(423)	23.8
Public sector savings	..	178	258	260	256	12.9
Claims on gov't /3	985	1010	1045	1176	1333	9.7
Net foreign assets /3	-131	-135	-144	-188	-272	.
			(1966/67 = 100)			
Consumer price index	100	102	106	109	114	3.7

/1 Including mining, power, construction and public utilities.
/2 Assuming 70% of Emergency Fund is designated as defense spending.
/3 Figures apply to end of calendar year.

The Changing Composition of Output and Expenditure

13. As background to the analysis of recent developments which follows, two tables below summarize some of the salient aspects of the structural changes which have taken place in the Egyptian economy in the past 15-20 years:

Table I-2

The Structure and Growth of GDP by Sectoral Origin
(% shares based on current prices, % growth in constant prices)

	Shares of GDP			Average Annual Growth Rate		
	1955/56	1965/66	1970/71	1956-61	1961-66	1966-71
Agriculture	31	28	29	3-1/2	4	2
Industry/Mining	17	21	23	8	7	5
Electricity	-	1	2	-	14	15
Construction	3	4	5	9	17	3
Transport/Communication	6	9	6	9	11	-6
Trade/Finance	9	8	9	4	2	3
Other Services	34	29	26	4	6	5
Total	100	100	100	5-1/2	6	3

14. As may be seen, the most significant shift has been in the share of industry, which in the mid-1950's was only about half as important as agriculture, but in 1970/71 had become nearly as important a contributor to GDP. 1/ During this period, industry and trade were transformed from mainly private sector activities to predominately public sector activities. Another notable feature was the continued moderate growth in agricultural output, notwithstanding a major change in land tenure. Whereas before the 1952 land reform, 94 percent of landowners held only a third of the land (while 0.2 percent of owners controlled over a fourth of the land), by the mid-1960's, 94 percent owned nearly 60 percent of the land and 0.1 percent owned 6-1/2 percent. Not shown on the table is the composition of other services, where the share of housing declined while the share of Government administration rose markedly.

15. The following table indicates some of the main elements in the changing composition of expenditure on GNP over the past fifteen years, with greater detail for recent years:

1/ It should be noted, however, that these observations do not correct the distortions implicit in the price structure. If the value-added in each sector were computed at world traded prices, then the share and growth of industry would not be so great.

Table I-3

The Structure of Expenditure on GDP /1
(in % of GNP at current market prices)

	1955/ 1956	1960/ 1961	1965/ 1966	1968/ 1969	1969/ 1970	1970/ 1971	Change 1965/66- 1970/71
Total Consumption	85	86	87	92	91	95	+8
Private	(67)	(69)	(67)	(68)	(66)	(68)	(+1)
Public	(18)	(17)	(20)	(24)	(25)	(27)	(+7)
Gross Investment	16	15	18	12	14	13	-5
Exports	net nil	19	17	14	15	15	-2
Imports		20	22	17	19	20	-2
Net Factor Payments to Abroad	1	-	1	1	1	2	+1

/1 Shares do not always add to exactly 100% due to rounding and statistical discrepancies.

16. It may be seen that the share of private consumption remained remarkably constant (at about 67-68 percent of GNP) over this entire period, notwithstanding both the increased share of investment between the mid-1950's and mid-1960's and the rapidly increasing share of public consumption throughout the 1960's. The increased shares of public consumption and investment were at the expense of a substantially widened resource gap, which rose from nil in 1955/56 to 5 percent of GNP by 1965/66. The external borrowing which this occasioned was later reflected, of course, in a larger share of GNP devoted to factor payments to abroad. As shown in the last column of the above table, a major shift in the composition of expenditure occurred in the period 1965/66-1970/71, when a very large increase in the share of public consumption — mainly defense expenditure — (and smaller increases in the shares of private consumption and factor payments) were achieved mainly at the expense of investment. The shares of exports and recorded imports in GNP may also be seen to have declined from the 1965/66 level. It should be emphasized, however, that the fall in the share of export earnings was mainly a consequence of the closure of the Suez Canal. But insofar as the loss of Suez revenues was compensated by transfer payments from Libya, Saudi Arabia and Kuwait (under the provisions of the Khartoum Agreement), Egypt's resource availabilities were essentially unaffected by the closure of the Canal. Hence, the preceding table (which reflects the drop in Suez earnings but not the transfer receipts) tends to understate Egypt's savings performance. An alternative formulation, which includes transfers as part of GNP and savings, is presented below. The adjusted variables are denoted with an asterisk.

Table I-4

Savings and Investment

	1955/56	1960/61	1965/66	1968/69	1969/70	1970/71
			(% Shares of GDP*)			
Total Investment	15.4	15.1	18.3	11.3	13.3	11.8
Resource Gap*	-	1.2	5.0	-2.1	-0.6	1.2
Gross Domestic Savings*	15.4	13.9	13.3	13.4	13.9	10.6
			(% Shares of GNP*)			
Total Investment	15.5	15.1	18.4	11.4	13.6	12.0
Current Account Deficit*	0.8	1.1	5.7	-0.8	0.9	3.1
Gross National Savings*	14.7	14.0	12.7	12.2	12.7	8.9

17. While this table presents a rather better picture, Egypt's savings performance may still be seen to have deteriorated markedly since the mid-1960's. Although the 1970/71 figures are particularly low, it should be noted that calculated residuals of this kind are subject to considerable short-term variations -- which may or may not be meaningful. However, the overall implications of the table are clear. In order for Egypt to raise its investment rate to a level consistent with rapid economic growth, a major effort will have to be made to mobilize domestic resources for development -- even if net foreign capital inflows increase their share of investment financing. Since such a large proportion of total savings is generated in the public sector, moreover, the need is emphasized for the Government to increase tax revenues, to restrain public and private consumption, and to increase the profitability of public enterprises through reforms in economic management and organization.

II. POPULATION AND EMPLOYMENT

Population and Family Planning

18. Egypt has a serious demographic problem. The population is already the most densely settled in the world, and is growing rapidly. A high rate of natural increase is combined with a high rate of internal migration to urban areas, resulting in growing urban congestion -- especially in Cairo. Especially in light of Egypt's already high dependency ratio and its low rate of participation in the labor force, this growth is burdening the economy by creating expensive needs for infrastructure and social services -- at the expense of foregone capital deepening. Continuing rapid population growth portends worsening problems of unemployment and underemployment, and -- in the light of the country's severe limitation of land -- a possibly critical congestion problem. A promising beginning has been made on a national family planning program, but much more needs to be done -- and quickly. The future costs of delay could be extremely high. And greater attention will need to be given to issues relating to population location and migration, and to the implications of development policies for the balance of urban vis-a-vis rural development.

19. In mid-1971, Egypt's population was estimated at 34.1 million. Of this number, 43 percent were under 15 years of age and 3 percent were 64 years or older; another 10 percent were in the 15-19 year range. Compounding the burden of this high dependency ratio (0.84) is a very low rate of female participation in the labor force (estimated at 5-8 percent).

20. Egypt's population density has been doubling every 40-45 years over the past century, and now stands at about 950 persons per square kilometer in the inhabited area. This is the highest reported density for any comparable area in the world (exceeding that of Java, for example). The population has been growing recently at about 2.5 percent annually; at this rate, about 10 million more people would be added to the population in the next decade. The Aswan High Dam, by permitting an extension of the cultivated area by around 10-15 percent, will accommodate directly on newly reclaimed land some 2 - 4 million additional people -- representing only some three or four years of population increase. Partly as a consequence of this relentless demographic pressure on an almost fixed supply of land, increases in agricultural output per worker have not kept pace with the rate of population growth, and increasing numbers have migrated to the cities in search of economic opportunities.

21. The proportion of Egypt's population classified as urban rose from 35 percent in 1950 to 38 percent in 1960 and to 42 percent in 1970. A large share of the internal migration is directed to Cairo, which has been growing recently at an estimated rate of some 4-1/2 to 5 percent annually. Metropolitan Cairo already numbers about six million persons. The issues of continuing industrial concentration and growing population congestion are presently vexed questions.

22. Between 1965 and 1970, Egypt's recorded birthrate decreased from 41.4 (per thousand population) to 35.6. This would imply a drop in the rate of natural increase to about 2.1 - 2.2 percent annually, but this remains to be confirmed by census data. The recorded change is not attributed to Egypt's family planning program so much as to factors such as the effects of the 1967 conflict, the trend to later marriages, and results of more widespread education.

23. The Egyptian Government's recognition of the need to reduce population growth was reflected in the establishment in 1966 of a national family planning program. Some measure of success in this program has been achieved in the last six years. The network of facilities for the delivery of health services (on which the family planning program depends heavily) is reasonably well developed. The availability of medical and paramedical manpower is relatively satisfactory. Government policy and the climate of public opinion are supportive of population control measures. However, even though the 8-9 percent of eligible couples who are today practicing fertility control measures compares moderately well with the acceptance rate in several other countries, the Egyptian population problem is so pressing that far more needs to be done. Even under the optimistic assumption that Egypt's net reproduction rate could be lowered to 1.0 by the year 2000, the population in that year would be nearly double the present level.

24. Among the measures needed to strengthen the country's family planning program are: a more effective field structure to take family planning services into peoples' homes; additional construction of health facilities (especially in urban areas); greater use of private commercial enterprises in the distribution system; strengthening of training activities; greater attention to communication with young people and adult males; rationalization of the production and procurement of contraceptive supplies; establishment of targets; a program of evaluation studies; and a generally more experimental, ambitious and aggressive approach to the problem.

Employment

25. Egypt's labor force -- presently estimated at about 9.1 million -- has been growing at the rate of 2.8 percent annually. Employment, on the other hand, has been increasing by only 2 percent per year, resulting in a rising rate of unemployment. Assuming a participation rate for women of 5-10 percent, an estimated 350,000 young people now enter the labor force annually, while perhaps 100,000 depart due to superannuation or deaths in the 15-65 age category. Against this net annual increase of 250,000, employment has increased on the average by 155,000 annually during the past several years. Since 1965 alone, therefore, the growth of the labor force appears to have exceeded the growth of employment by about half a million -- equivalent to 5-1/2 percent of the present labor force. Given these circumstances, it seems likely that the Ministry of Planning's estimate of an 8 percent unemployment rate is not excessive.

26. Egypt has a shortage of perhaps 350,000 skilled workers. At the same time, the practice of guaranteeing employment to all university graduates has created a glut in most liberal professions and in the Government's administrative and social services. Much of the growth in the labor force has been accommodated in this fashion. Moreover, the services sector claims a very large share of the total wage bill. The following table summarizes some of the main features of the structure of employment and wages:

Table II-1

Employment and Wages

(% shares of total)

	1959/60		1969/70		1959/60-1969/70
Sector	Employment	Wages	Employment	Wages	Increase in labor force absorbed by sector
Agriculture	54.0	17.8	49.0	18.5	37.0
Industry	10.0	16.2	11.1	14.9	14.5
Services /1	17.8	39.0	19.1	40.4	23.7
Distribution /2	14.2	19.9	13.8	18.0	13.6
Others /3	4.0	7.1	7.0	8.2	11.2

/1 Personal services, culture and recreation, and such governmental activities as education, health, social services, general and administrative services and defense, justice and security.
/2 Transportation, communications, trade and finance.
/3 Housing, utilities, electricity and construction.

27. As may be seen, the sectoral distribution of employment has not changed very much over the past decade, although it is significant to note the structure of changes at the margin. Thus, employment in industry is seen to have accounted for only about 15 percent of the total increase in employment in the 1960's -- notwithstanding the Government's heavy emphasis on industrial development, which claimed about 30 percent of total fixed investment undertaken during the period. Most of the increase in employment continues to be absorbed by the agricultural sector, but apparently at the cost of diminished growth in labor productivity. In the period 1966-71, for example, output per worker in agriculture (in constant prices) rose on the average by only 0.5 percent annually -- as compared to a growth of about 2 percent annually in the early 1960's. Labor productivity in industry, on the other hand, is reported to have risen by about 2 percent annually over the past decade. (See Table 1.7). Output per worker in agriculture (in terms of value added at current prices) is now about 60 percent of the national average. The corresponding percentages for industry (including construction and power) is about 170 percent, and for all services, 120 percent.

28. In terms of current prices, the national wage bill appears to have risen somewhat faster than output per worker over the past decade -- implying some shift in income distribution in favor of labor. Particularly in the early 1960's, agricultural income per worker seems to have risen considerably faster than output per worker. In recent years, on the other hand, there seems to have been little change in the relationship between these variables. As may be seen in Table 1.5, a striking fact is that the share of the services sector in the wage bill is double the share in total employment.

29. Despite open unemployment of perhaps 750,000 to a million persons and an underemployed rural labor force, average daily wage levels of between 40 and 50 piastres are well above the legal minimum rates of 18 piastres for farm labor, 25 piastres for services and trade, and 30 piastres in industry. Oftentimes, agricultural and construction workers cannot be located by employers. An explanation of these apparent contradictions lies in: (i) the increasing demand for rural labor; (ii) the geographical maldistribution of the labor force; and (iii) the (improper) identification of irregular participants in the labor force as underemployed. Payment of the legal minimum wage to increasing numbers of agricultural laborers employed in government construction and land reclamation work has helped establish an upward trend in rural wages. Maldistribution and varying regional wage rates are evident from the activities of private labor contractors who shuttle some 250,000 laborers around the country for seasonal agricultural work and construction projects. Furthermore, children who are taken from school during harvests and women who do not seek permanent work account for most of the 800,000 variation in seasonal agricultural employment. Consequently, neither creates downward pressure on wages.

30. Rural migrants are another anomaly of the manpower structure. These constitute a floating population of perhaps 150,000 that periodically move into the cities for 2-3 week periods, seeking short-term employment. In most cases, this leaves them outside the reach of employing institutions, particularly the highly structured companies of the public sector. As a result, they are available only as casual labor in the urban market. Most of these migrants bring with them to the cities their village life patterns, including a tolerance for underemployment. As a consequence, they appear to become urbanized only rather slowly.

31. Among the urbanized population, there is very little turnover in employment. In the Egyptian system, apprentices, semi-skilled and skilled workers, clerical and technical employees and professionals are locked into their jobs through the training-cum-certification process by which positions are allocated. Employees cannot be discharged without cause. Salaries are established administratively rather than by market forces. Thus, the use of wage incentives is precluded by the association of wage and salary scales with a rigid social structure which rests largely on standards of job certification and seniority derived from the dominant public sector. Only among high level and technical manpower is there much job mobility or salary incentive. Those who have job options usually exercise them through dual employment, rather than by changing jobs. Often in white collar categories, individuals hold both government administrative posts -- from which they

acquire prestige and legitimacy -- and also perform some independent professional function. Among technicians, the typical job combination is to work in a public sector plant while simultaneously operating a small privately-owned workshop.

32. The influence of Egypt's defense mobilization on the manpower situation is difficult to assess. The armed forces (estimated at 350,000 men) do not press unduly on the availability of unskilled labor, but the drafting of skilled workers has undoubtedly constrained the development of the civilian economy. Together with the armed forces, military factories have first call on technical manpower, and the ratio of skilled employees to the total labor force in the military plants is relatively high. Conversely, in some civilian factories (e.g., in the metals industry) work is limited to one shift because of the scarcity of technicians and skilled labor. Highly skilled technicians are frequently retained by the military beyond the completion of their stipulated compulsory service, and are eligible to draw full salary from their place of civilian employment. One consequence of this situation is that the skilled labor force in public industry is exceedingly young and still inexperienced. Some of the technical shortage is covered by foreign specialists, particularly in electrical and mechanical maintenance and in technical standards compliance.

33. Egypt has been attempting to improve the quality of its industrial labor force through two apprenticeship programs. One program places graduates of preparatory school in one-year vocational training, followed by two years of in-plant work; currently about 60,000 young men are participating. Few plant managers consider this program altogether satisfactory, both because the trainees are poorly prepared and because Egyptian industry has not yet mastered the techniques of shop-floor on-the-job training. The public sector has little choice, however, other than to recruit much of its semi-skilled manpower through this channel. Most large establishments operate their own training facilities, usually in cooperation with the above program. A second program, which offers vocational courses and on-the-job training for primary school graduates, has been designed by the Ministry of Manpower to meet the labor demands of small private industries in woodwork, textiles, plastics, ceramics, leather and benchfitting metal work. More than 30,000 are enrolled in this program, and three-quarters are placed permanently upon the completion of their apprenticeship. The Ministry hopes to double the size of this program within the next five years.

34. Planners assume that during the next five years preparatory school will become obligatory and that 25 percent (as opposed to the present 12 percent) of preparatory school graduates will proceed to advanced training and enter high level manpower categories as professionals, technicians and administrators. Another 35-40 percent are expected to be accommodated in agriculture.

35. Currently, about 25 percent of the labor force are engaged as unskilled workers outside the agricultural sector, with some 10-12 percent having acquired some level of non-agricultural skills. By 1980, the intention is to achieve equality in the number entering non-agricultural pursuits

as unskilled labor and those who take the first step toward skill development through in-plant training.

36. As of 1980, the ratio of administrators to technicians appears likely to be even more unfavorable than at present. This imbalance is not untypical of less developed countries, but in Egypt it reflects also the exceptionally great importance given to academic certification at the secondary and university levels as the determinant criterion for job placement. Skilled industrial workers will still be in short supply, and agricultural labor will exceed the desired level. The sharp increase projected for professional, technical and administrative personnel between 1970-80 is derived from the number of individuals who will receive higher education rather than from the demand expected for specific categories of high level manpower. About 25 percent of the labor force would be classified as high level manpower, but it is not likely that the qualitative demands of the production sectors will be satisfied. With a continued growth in employment of 2 percent annually, attainment of the target of increasing skilled manpower from 12 percent to 18 percent of the total would necessitate the introduction into the labor force annually of about 82,000 workers having some skill development. Even with the planned expansion of its two apprenticeship programs during the next five years, Egypt would produce only about half this number of new apprentices.

III. EDUCATION AND SOCIAL POLICY

37. Egypt's social policies are comprised of a comprehensive social insurance plan, free health and education services, subsidized consumption of basic commodities, and an array of wage and price controls that provide standards of equity in the distribution of income. The concept of the citizen having a constituent right to certain advantages is firmly fixed, and the Government is active in its efforts to extend social benefits.

Education

38. The high priority given by the Government to educational development is suggested by the following percentage increases in enrollments registered over the last decade: primary school (6 years), 43 percent; preparatory school (3 years), 288 percent; secondary school (3 years), 275 percent; and universities and higher institutes, 95 percent. The compelling nature of the drive for more education is also seen in the current expenditure budget, where education accounts for about 45 percent of total current expenditure on economic and social services. Currently about 150,000 individuals are employed in education, where a major effort is being made to reduce adult illiteracy, to move towards nine years of compulsory education, and to assure equal participation for females. Enrollment at the primary level has now reached 70 percent of school-age children; the corresponding ratio for the preparatory and secondary levels combined is about one-third. Dropouts are not a major problem; about 75 percent of those who entered secondary school in 1969 graduated in 1971. The following table summarizes the current enrollment and graduation structure:

Table III-1

School Age Population and Enrollment, 1970/71

(in thousands)

	Age Group	First Year Enrollment	First Year Age Group	Total Enrollment	Total Age Group	Graduates
Primary	6-11	742	925	3,740	5,406	309
Preparatory	12-14	300	800	851	2,385	203
Secondary	15-17	194	690	569	2,050	134
University & Higher Institutes	18-21	49	680	203	2,450	31

39. All education through the university level is free. Admission to the universities depends on qualifying examinations following secondary school. Unfortunately, the Government's policy of hiring all graduates of universities and higher institutes serves to emphasize the formalities of training rather than skill development. The career selection process has

also led to an excessive emphasis on preparation for liberal/administrative careers rather than technical occupations, and has produced an overstaffed bureaucracy. An attempt to limit entrance into some university faculties (such as law and the humanities) does not appear to have been effective; in 1970 and 1971 enrollment in these areas increased by 12 percent annually. Moreover, while half of higher educational enrollment is in "practical" or technical fields, many of the graduates from these programs still opt for Governmental administrative positions. On the other hand, in some areas of engineering and agriculture, trained personnel exceeds demand. The high value which young professionals place on remaining in Cairo further complicates the high-level manpower situation.

40. Attempts are being made to induce students to enter programs of technical education which terminate at the secondary level. Most employers make no distinction, however, between graduates of technical and general secondary schools. From the standpoint of the student, therefore, technical schools as a terminal educational experience have no advantage. The system serves both to reinforce aspirations to professional status among those attending the technical schools and to deprecate pride in technical skill. Egypt is currently experimenting with several varieties of technical education in its Higher Institutes. Twenty-three specializations in commerce and industry are included in this program, and there are similar opportunities in health, agriculture and education. Egypt's planners appear to believe that even though their educational system produces great numbers of marginal white collar workers, in the long run its advantages will outweigh current disadvantages.

Other Social Policies and Programs

41. The share of health in Egypt's current expenditure on economic and social services is currently only about one-third educational expenditures, but the Government plans to raise the priority of its health programs. Thus far, emphasis has been placed on increasing the delivery of preventive health services to the rural population. In 1970/71, rural health units numbered 1,827 -- compared to 761 ten years earlier. Because of the shortage of doctors, however, diagnostic service and treatment is available to only about 50 percent of the rural population. For those receiving this service, a network has been established by which cases requiring complicated treatment are sent (in many cases with transportation provided) to district centers and on to hospitals if necessary. A major accomplishment has been the control of glaucoma, and currently the Ministry of Health is working with international agencies in formulating a nation-wide campaign to be launched against schistosomiasis.

42. Social insurance is available to about 4 million of the 8 million gainfully employed or self-employed, but it does not yet apply either to those engaged in agriculture and domestic service or to day laborers. Because small industries and minor traders evade their responsibilities under the program, and since a large part of the construction industry relies on contracted day-laborers, fewer than 3 million individuals actually receive

coverage. Benefits include occupational injury, health care, unemployment compensation, retirement, disability and survivors insurance. The program is supported by contributions of 9 percent from the employee and the equivalent of 24 percent from the employer. 1/ A Labor Code regulates hiring, dismissal, working hours, wages, apprenticeship and the employment of women and children. But as the case of social insurance, this Code is enforced for less than 40 percent of those who work.

43. Officials estimate that 600,000 families (10 percent of the population) are in desperate need of some social assistance. Currently, about one-fourth of that number receive some type of aid or pension aimed at helping the handicapped, aged, orphans, delinquents, widows, etc. In 1969/70, direct payments of all varieties averaged about ₤E 18 million annually to such families. Other than direct family payments, welfare strategy is largely educational, with a view to developing earning capacity. Volunteer organizations are supported through subsidies that amount to about ₤E 2.5 million annually. The underlying purpose of this program is to encourage self-help and to mobilize funds for social welfare at the local level.

44. Egypt's public housing operations are devoted largely to overcoming urban shortages. Major reliance is placed on providing loans to individual builders under terms which encourage private savings. For the eight-year period 1962/63-1969/70, a total of ₤E 309 million was invested in 351,000 living units. From this total, 55 percent of expenditure and a proportionate share of the units consisted of private construction. Government outlays were about equally divided among middle range urban housing, low cost urban multi-unit housing, and rural housing. While rents are fixed, "key money" payments and flexibility in determining rents when new leases are signed have given an upward bias to rents on urban units that are not publicly administered. Government operated economy housing in Cairo currently costs an occupant between ₤6 and ₤12 per month.

45. A major feature of Egypt's social policy is the protection of consumption levels among low income groups. Rationed basic food commodities -- bread, cooking oil, sugar and kerosene -- are subsidized, and the cost of this support is generally covered by Government sales on the free market of additional quantities of these items. Price controls on basic textiles, shoes, household wares and gasoline are also used to protect consumption. Stocks have been manipulated effectively, and black markets in these items are not prevalent.

1/ However, because the total premiums paid into the system far exceed the benefit payments, the social insurance program is also a major contributor to public savings, as will be described in Chapter VI.

46. Officials contend that the needs of high income groups are being met and that the pressure of demand from low income earners should be given priority. For the past decade, it has been the Government's policy to limit luxury consumption periodically, usually by restricting imports through quota adjustments and variations in tariffs. Regulations announced early in 1972 indicate that Egypt's salaried middle class faces another period of relative privation. In this regard, the purpose is not to decrease middle and upper income consumption, but rather only to restrain it for a period of time. As noted earlier, however, the national accounts suggest that total private consumption has risen faster than might have been expected in a period when military preparedness has been given such high priority.

47. Since the late 1950's, Egypt has moved steadily toward more equitable income distribution. In particular, land reform and the nationalization of industry have removed extreme deviations in farm income. Depending on its source, personal income is taxed at an average rate of up to 39-42 percent, and marginally up to 64-68 percent at £10,000. In addition, all income is taxed by a global levy that adds progressivity to the structure by reaching a marginal rate of over 90 percent at £E 10,000.

48. A major social problem which Egypt still faces is the disparity between urban and rural income. Personal consumption per capita for the rural population is about £E 40, compared to £E 68 in urban areas. Yet the worst conditions exist among recent migrants to the cities. About 50 percent of the migrant population is found in Cairo and Alexandria. Egyptian officials see solutions to the plight to the migrant and to the mounting problem of urban congestion in inducing more stability in the rural population by narrowing the urban/rural gap. Means which are currently being applied are: a) increasing the effectiveness of social services through the decentralization of government agencies; b) socializing students to provincial life by developing institutions of higher education outside Cairo and Alexandria; c) increasing farm income to blunt the lure of the supposedly high wage that can be obtained in the cities; and d) dispersing industrial plant locations.

49. Enabling legislation for decentralization was enacted more than ten years ago, but only recently has any momentum been developed in this program. Some new plant locations are being directed to outside the Cairo area by the Ministry of Industry, while the Ministry of Social Affairs now has 90 percent of its employees in provincial offices; the Ministries of Health and Education have adopted similar patterns. Supervision of the combined centers providing social, health and educational services in the rural areas has been transferred to the provincial governments. And a training program aimed at developing planning and project formulation capacity at the local level is now underway in five provinces, with 700 individuals being trained annually. But the total progress toward decentralization remains slow, and the Government lacks an integrated strategy of rural development.

50. Among the principal constraints on the decentralization program are Government practices in the recruitment of professional personnel for provincial offices, in the determination of provincial budget allocations, and in the approval of project proposals. These aspects of Egypt's public administration inhibit movement toward greater decision-making at the provincial level. Consequently, a limit may already have been reached in the implementation of a social policy which, conceptually, would otherwise permit continued progress in improved income distribution and greater social mobility.

IV. AGRICULTURE

The Role of Agriculture in the Economy

51. Agriculture remains Egypt's most important sector in terms of its contribution to GDP (about 30 percent), its provision of employment (about half of total employment) and its generation of foreign exchange earnings (about 55 percent of total exports in unprocessed form, and considerably more including processed agricultural goods). The share of agriculture in employment and in total output have declined only very slightly in the past decade or so. The reliance on agricultural export earnings also remains about the same, with the exception that a greater proportion of these earnings now stems from processed rather than unprocessed agricultural exports. The growth rate of value added (in real terms) in agriculture has averaged about 3-1/2 percent annually over the past fifteen years. The growth of agricultural output per worker, however, has not kept pace with the growth of physical output per hectare, and the growth rates of both measures of productivity have declined in recent years. This partly reflects one overwhelming fact about the rural economy: namely, the continuing increase in the rural population and in the numbers of persons dependent upon farming for their livelihood. In absolute numbers, the agricultural labor force is still expanding at a rate of about 60,000 workers per year.

52. The heavy reliance of the economy on agricultural export earnings is indicated by the 80 percent share of total exports consisting in raw or processed farm products. In particular, the economy continues to depend very heavily on cotton and cotton product exports (still over 60 percent of the total value of exports). However, the proportional significance of cotton has declined somewhat and, in addition, the local textile industry is absorbing an increasing proportion of the output (about 40 percent). Cotton is no longer a highly profitable crop in many areas, and its present importance is partly a reflection of a Government program of assigned planting areas. In the short run, while the immediate export market prospects for Egyptian cotton appear to be quite favorable, and while there is a strong need to maximize foreign exchange earnings, there is an economic case for maintaining cotton in lower yield areas -- largely at the expense of rice. In the longer run, however, undoubtedly there will be (and should be) a continuing decline in the relative importance of cotton in the total cropping pattern.

53. Agriculture's share in total public investment has been declining in recent years (from about 20 percent in 1967/68 and 1968/69 to approximately 14 percent in 1970/71 and 1971/72). Agricultural investment (not including the High Dam) has also shown some decline in absolute terms (by about 12 percent over the same period). The decline has been mainly in expenditure on land reclamation and irrigation system extension, though increasing amounts have been allocated to drainage and livestock development. Especially impressive under the circumstances has been the successful initiation of an ambitious program of modernization and expansion in the poultry industry.

54. Among the more important features of the agricultural sector is the high degree of continuity that has been maintained in the administration of the sector. Also, significant moves have been made to effect better coordination by consolidating reclamation and agrarian reform programs under the general supervision of the Minister of Agriculture. The Ministry of Agriculture currently appears mainly interested in promoting agriculturally related industries, high value crops, livestock production, mechanization and other yield improving techniques. Drainage and land and cropping consolidation appear to have high priority, while land reclamation now has a much diminished priority.

Recent Developments

55. In spite of the deleterious impact of the 1967 war and its aftermath on agricultural production, the value added in the sector (in real terms) has still shown continuing growth. The Ministry of Planning estimates this growth to have averaged about two percent over the period 1965/66-1970/71. National accounts data for 1970/71 indicate an absolute fall in agricultural value added for the year. But data on the volume of outputs from -- and inputs into -- the sector suggest that there was real growth in the sector in this year as well.

56. There has also been a substantial expansion of agriculturally related industries in the economy. Especially notable in this connection have been the growth of the phosphate fertilizer industry, the textile industry, and the rice and sugar milling industries. The development of the nitrate fertilizer industry was seriously interrupted by the war, but there is every reason to expect that Egypt will be able to supply its own increasing needs for this critical input during the next decade.

57. New land development has been an important component of total developmental activity during the last decade. About 700,000 feddans have been reclaimed out of 1.3 million feddans scheduled for reclamation development. However, only about 80,000 feddans have actually been transferred to settlers. Part of this slow rate of completion is associated with some indecision over whether or not land should be retained more or less permanently in state farming status. However, the high cost and the long period required to fully develop new land, especially in the sandy soils, is also having an influence.

58. The crops experiencing major expansion in areas planted have been summer season maize, rice, sugar cane, fruit and vegetables and, among winter crops, berseem clover. Rice has become the second most important export crop (with around 10 percent of export earnings) but rice prices are declining on world markets. Nevertheless, since rice is a principal reclamation (salt tolerant) and high water-using crop, the areas planted to this crop will probably be sustained or even expanded. The maize crop is almost entirely consumed as human food. As a result of the shift in most of this crop's production from nili to summer season status, maize production has been able to keep pace with the expanding local demand for it.

59. The increase in berseem clover plantings in the winter season reflects an expanding demand for animal feed. Livestock numbers have increased substantially in recent years in response to both the demand for "livestock wealth" on the part of the farm population and a growing demand for animal products on the part of the expanding urban population. The latter are also demanding increased supplies of fruit and vegetables. Substantial crop areas are being shifted over to those two lines of production under the influence of rising free market prices for both vegetables and animal products in a context of depressed (controlled) prices for the major field crops.

60. Yield trends in most crops have been decidedly positive during the last decade. Over the decade, illustrative increases in 1970/71 yields compared to 1960/61 were 1/: Maize, 70 percent; sorghum, 30 percent; wheat and cotton, 25 percent; and rice, 6 percent. However, between 1965-70 the increases were only: maize, 8 percent; sorghum, 9 percent; wheat, 5 percent; cotton, 11 percent; and rice, 8 percent. These data emphasize an apparent slowing in progress in recent years. Part of this was no doubt related to the war and its aftermath, and part to the related reduction in the growth of nitrogenous fertilizer applications. The latter may well have been a primary factor in a decline in the yields of most of these crops in 1970/71 as compared with 1969/70. On the other hand, there was a spectacular increase in wheat yields in 1970/71 (+13 percent), apparently due largely to varietal improvement. This presents an example of what might be possible on a broader front -- especially in maize and rice -- in the future.

61. The post Aswan High Dam era produced a number of problems as well as opportunities. Among the problems is the apparent increase in water table levels in large parts of the country, and associated increased soil salinity. The fishing industry has also been affected adversely by the substantial decline in the flood season sardine crop in the estuary. This may be offset to some extent by a rising catch from Lake Nasser, but not within the next few years. The absence of silt in water discharged from the lake is resulting in an erosion problem in the main stream, and, some believe, in a loss of soil nutrients added by the water and a loss of its soil-building value in sandy-soil reclamation work. The added supply of water and the ability to eliminate flooding has possibly also rendered obsolete much of the present water distribution system. There is a possibility, too, that the extension of perennial irrigation has resulted in a higher incidence of bilharzia.

Government Policies and Programs

62. Egypt's land reform program continues more or less along its original lines. About one million feddans (or one-sixth of the old land area) have been redistributed. A 1969 law further reduced the ceiling of ownership to 50 feddans (or 100 per family). However, in contrast to previous procedures, firm compensation rights were apparently extended to

---

1/ The crop production year ends on October 30, in contrast to the fiscal year which ends on June 30.

past owners of the 30,000 feddans requisitioned under this law. The land reform authorities maintain that there is little likelihoood that the ceiling will be further reduced, so the redistribution program can be assumed to be effectively completed. Substantial as the redistribution program has been, however, the impact of the tenancy regulations has probably been more than twice as important in terms of the area of land affected. These regulations essentially reduced the landlords to controlled rent-receiving agents. Cash tenants thereby acquired a security of tenure and a freedom of farming operation nearly equivalent to those of an owner-operator.

63. A program of cropping consolidation initiated in 1961 was quite successful in the case of cotton. All of the cotton crop is apparently now raised in blocks of over 20 feddans, and this no doubt facilitates the administration both of area allotments and of certain practices such as insect control. However, crops other than cotton are still planted largely according to the traditional fragmented pattern.

64. Tight controls continue to be maintained on prices of all basic export and food crops. Farm prices of these commodities are generally held down relative to other prices. Following some rises in previous years, farm prices for wheat, maize and especially rice were all reduced in 1971 -- even though prices for food commodities were increasing. Farm cotton prices were raised only 1.9 percent in the two years, preceding May 1972, then raised by about 6 percent in the summer of 1972. The agricultural credit and cooperative organizations are used as instruments for rationing the distribution of fertilizers, seeds and insecticides and for collecting commodities for export and processing companies (including wheat, sugar and rice). Considering the generally restrictive circumstances, both organizations appear to operate quite efficiently, and with considerable involvement of farmers in the decision-making process.

65. The announced target of the Government is to achieve an increase of about 40 percent in agricultural value added over the next decade, i.e. a continuation of the long-term trend, but a substantial increase in the growth rate achieved in the past several years. About 20 percent of the ten-year increase is expected to come from the further development of 700,000 feddans already reclaimed since the High Dam was initiated, and another 20 percent is assigned to land to be reclaimed in the future. These two programs presently receive about half of the total public investment allocated to agriculture -- a decline from the 75-80 share of five years ago. It is questionable, however, whether the targeted increases in output can be achieved with the prospective allocation to agriculture of only some 13 percent of public investment. As indicated above, this investment is expected to be directed mainly to activities designed to increase productivity on established cultivated areas and on land already in process of reclamation and development, rather than to further new land reclamation. Relatively high priority is to be given to expanded drainage and soil improvement programs, to further development of poultry and other livestock industries, and to improved farming practices. Specific objectives for the next five years are to increase nitrogenous fertilizer use by about 20 percent and to raise the output of poultry from the current output of about 12

million to 75 million broilers per year. In the short run, there will likely be a continued effort to maintain areas devoted to cotton and wheat. There may also be new efforts to shift resources in the direction of vegetable and fruit production and processing, especially with a view to developing export markets for these high-value products.

Priorities and Problems: An Evaluation

66. The low share of investment in agriculture in total investment is hoped to be offset by a substantial enlargement of total investment funds, which in turn will depend upon the mobilization of higher rates of domestic (and perhaps also foreign) savings. Considering the continuing state of hostilities and the high priorities given to defense and industrial development, the goals for agricultural investment and output as noted above appear optimistic. Certainly the prospect of a shortage of public capital for the agricultural sector will limit the possibilities of carrying forward several promising lines of development.

67. The development program in agriculture will also be constrained by national policy objectives concerning foreign exchange earnings and savings. One of the major problems will be the need to provide for domestic food demands of the growing population without sacrificing either export earnings (especially from cotton) or requiring increased food imports (especially maize for the low income population and meat for upper income groups). It will be difficult to maintain cotton areas in the face of rapid increases in domestic consumption of both maize and rice. In the face of increasing local demand and unfavorable export prospects, rice is likely to become less important as an export crop.

68. These considerations lead to the basic conclusions that:

(a) Great reliance must be placed on yield-improving technologies in the main field crops (cotton, maize, rice and wheat) to head off a domestic food crisis (especially among low income groups) and/or a drastic decline in foreign exchange earnings (or savings) from these commodities. However, this will call for increased allocations of foreign exchange for the importation of fertilizers, insecticides, livestock feed concentrates, and certain machinery. Without these inputs, the needed increases in crop production cannot be realized.

(b) As a corollary of (a) above, Egypt must immediately look to new possibilities for promoting non-traditional agricultural exports. This may involve heavier reliance on sugar and especially vegetable and fruit production. Properly managed, these could provide much higher export earnings per feddan than any of the traditional crops. The critical question is how fast these potential areas of development can be exploited efficiently within the limits of available techniques and supporting facilities. In the meantime, there is the possibility of substituting cotton for rice on some of the better

rice lands — though this would inevitably prove to be a very short run opportunity and would involve substantial implementation problems.

69. While the scarcity of investment resources promises to be a severe constraint on agricultural development, there are perhaps some grounds for more optimism than is indicated simply by appraising the sectoral investment framework and its prospects for implementation. In the first place, actual investment allocation procedures may prove to be relatively flexible. If so, then on a year-to-year basis a progressively stronger case may be able to be made for agricultural sector projects. As a result, ex post public investment allocations could well turn out to be more favorable to agriculture than the preliminary planning framework implies. Secondly, a substantial part of the non-agricultural sector investment activity during the next several years will be diverted to areas highly complementary to agricultural development needs, e.g., expansion of the fertilizer industry and investments in rural electrification, rural education, transport and storage facilities, and food processing industries. Thirdly, many of the investments needed to support increasing yields in agriculture (e.g. drainage) are capable of drawing heavily upon private sector savings — especially if they are managed with this dimension in mind. Finally, certain lines of agricultural development depend largely on organizational changes which could promise high returns for relatively small injections of public investment resources. An example of this would be shifting land use to higher value crops. Similarly, expanded capability on the part of the agricultural credit system could serve an important catalytic function without making large demands on public investment expenditures. A greater reliance on price incentives both as a means to increased productivity in particular crops and as a stimulant to private investment activity might produce quite impressive results.

70. Especially in view of the relatively lower public investment allocation for the sector, a shift in priority away from high cost, long gestating programs (such as new land development) toward projects that use less capital and yield higher short-term returns is unquestionably sound. In this context, a shift in emphasis toward policies and activities to elicit greater private sector investment is clearly advisable insofar as the agricultural sector is still fundamentally based on private sector economic activity. Finally, considerable emphasis should clearly be given to defining priorities in all lines of public investment expenditure, in order that high productivity opportunities are exploited first within the internal framework of all project work.

71. There is an apparent shift in emphasis in most of these directions in the Egyptian agricultural development program. The current de-emphasizing of land reclamation and the high priority being given to drainage, soil improvement, seed improvement and increased fertilizer use are fully consistent with this. This is true also of the increased attention given to the possibility of increasing vegetable and poultry production as high value lines of output needed both to satisfy the demands of the growing urban market and as a substitute for an expanding component of high cost imports.

72. The government has taken certain steps to elicit greater involvement of the main component of the private sector in agriculture -- the farmers holding 5 to 50 feddans -- in the development process. Important among these steps is the assurance that the land requisitioning process will not be carried further, i.e. beyond the 50 feddan ceiling. Certain moves have also been made to further develop the cooperative system and the services it can perform in the old land areas. However, much still remains to be done in this area. Egypt has already effectively implemented what is perhaps the most far-reaching redistribution of land rights yet accomplished in any country in modern times. However, a great deal still needs to be done in restructuring rural institutions, including the marketing system, the credit system and -- perhaps most important of all -- the land tenancy system. The land reform areas have never provided a wholly adequate model to follow in this respect.

73. In a short-to-medium term perspective, the greatest opportunities appear to lie in improving farm practices generally (especially through seed improvement and upgraded rates of fertilizer and water usage) and in developing the potentials both for vegetable and fruit cultivation and for meat and milk production. Shifts in land use toward animal production, vegetables, and fruits are clearly justifiable. Concerning the latter, there seems little doubt that Egypt has a basic and long-term comparative advantage with respect to soil and climatic conditions (including seasonal characteristics) relative to the European market. However, the development of this opportunity will depend upon a wide range of new skills in production and marketing procedures and new facilities for transportation, storage (especially cold storage) and processing. An unresolved question here is whether such a development is more compatible with state farming or with the private sector. Many of the same issues are also involved in the development of the meat and milk industries. In any event, both directions of development deserve high priority, and will no doubt warrant a large cumulative commitment of investment resources. It would appear highly desirable to identify, as soon as possible, a limited number of pilot projects focused on particular areas and products, in order that the full set of inter-relations can be evaluated and progress hastened in the movement to greater concentration on "high value" lines of output.

74. Another issue which must be confronted in the immediate future is the need to create employment opportunities in the rural areas. This is, of course, only partly an agricultural problem. In large part, it is also a problem of industrial development and locational policies. In particular, the whole Delta area lends itself to the possibility of moving towards a fully integrated agricultural-industrial development program. In the past, the creation of employment opportunities for small farmers and for landless rural laborers was sought mainly through the subdivision of large landholdings or through industrial development in Cairo. What is needed now is a policy to raise income levels of rural households through creating employment opportunities in non-farming activities, without requiring a change in residence by these household members. This could be complemented by high yield practices on the small farms and by some shift in land use toward labor intensive lines

of production. The location of food and fibre-processing industries in the countryside is one means through which this employment-creation objective can be pursued. The prospective impact of rural electrification and of the rural education program is complementary to this direction of development.

75. In the long-run, Egypt's agricultural program will continue to require both land and water development components. Unless existing projections of water supply and demand prove to be very wrong, Egypt will face a water surplus situation for several years to come. Consequently, continued extension of the cultivated area will be needed as a means of using water. Given sufficient time and resources, of course, any land can be reclaimed. And Egypt still has significant areas to reclaim before resorting to pure sand. However, the reclamation program will always have to be designed in the context of both the availability of investment funds and the need to continually up-grade existing system of water distribution and use on the old lands. This system appears to have many obsolete features in the post-High Dam era, and its renovation probably deserves high priority in the long-term strategy of land and water development. Given these considerations, together with the potential Upper Nile development project, there is much to be said for an early initiation of a comprehensive review of land and water resource development in the Nile Valley.

V. INDUSTRY AND TOURISM

76. Egypt has a long-established manufacturing sector. Traditional agro-based industries (essentially textiles and food) were first established between the 1930's and the mid-1950's. Since the nationalization of industry in 1961, the Government has launched some capital-intensive and heavy basic industries, emphasizing import-substitution and self-sufficiency targets. Iron and steel manufacturing and transforming industries, along with crude oil extraction and refining, have received highest priority. Industry today accounts for a large share (23 percent) of GDP 1/.

77. It may be questioned whether the inward-looking orientation of Egyptian industrial policy has been optimal, given the country's short-run need to earn and save foreign exchange, and evident comparative advantages owing to its agricultural and other natural resources, its geographical location, the structure of domestic demand, the availability and skill endowment of its low-wage labor force, and the technical and managerial capacities of its trained personnel. The extensive administrative control over pricing and allocative decisions has largely done away with the signalling and clearing functions of market forces, and has contributed both to a high cost of industrialization and to inefficiency in planning and management. There were some portents of changes in policy in 1971, pointing to a somewhat more outward-looking approach. There are also indications that there is now a lesser degree of interference in industrial policy and management on the part of Central Government officials.

78. Egypt's industry has great potential for future growth, and is counted upon to remain the leading sector in the country's development. The domestic market can provide a substantial base for enlarged production -- particularly if the civilian economy regains momentum. There are also favorable export prospects in goods where Egypt has a demonstrated comparative advantage, as in textiles, food, leather, and engineering goods industries. Moreover, important new comparative advantages are emerging -- partly as a consequence of oil and gas discoveries and completion of the Aswan Dam -- in other resource-based industries such as fertilizers, cement and building materials, petro-chemicals, and electricity-consuming industries. The prospects for expanding production and exports of crude oil -- a key factor for the economy because of the immediate need for foreign exchange earnings -- are uncertain, and not promising for the next two years. However, it is thought by most observers that the medium-to-longer term prospects for increased oil extraction are reasonably bright. In any event, the new gas and electricity resources constitute valuable new inputs for further industrialization.

1/ If output were valued at internationally-traded prices, the share would, of course, be substantially lower.

Industrial Structure and Growth

79. There have been three major phases of Egypt's industrialization to date. The first phase, between the 1930's and the 1950's, was local-resource oriented industry consisted mainly in processing local agricultural products both for the internal market and for export. During this period, traditional industries (cotton textiles, food and leather industries) were expanded by private initiative, which naturally exploited the country's comparative advantages in these fields. Oil refining and cement were also established in this period. Accelerated industrialization became a major economic objective of the Government in the mid-1950's, when the first industrial plan was launched. The second phase coincided with Egypt's Industrialization Plan (1957) and its first national development plan for the early 1960's. At this time, most industry was nationalized, and new directions in industrial policy were charted. The Government assumed the major role in establishing industries to exploit other domestic resources, e.g. iron and steel, petroleum extraction, phosphate rock and building materials industries. Import substitution was also a major objective of this period, e.g., in the development of the engineering goods industries. Aid and barter trade with Eastern countries expanded rapidly. In the third and present phase of Egyptian industrialization, the emphasis on import substitution has been continued and industrial development has become more capital intensive and oriented to basic industry, particularly iron and steel and oil. Industrial planning is characterized by a physical (materials balance) approach, with priority given to achieving self-sufficiency targets in intermediate and finished goods. The aim is to achieve fuller linkages and integration in major production lines (e.g., iron and steel manufacturing and transformation).

80. The share of industry in GDP rose from about 17 percent in the mid-1950's to around 20 percent in 1960 and 23 percent in 1971. The present industrial structure may be classified as follows:

1. The long-established agro-industries (textiles, food, leather) accounting for about 40 percent of the value of industrial output.

2. The more recently established non-agricultural resource-based industries (oil extraction, cement and building materials, phosphate rock mining and beneficiation, fertilizers, oil extraction); these account for about 20 percent of the value of industrial output.

3. Other industries which are partly resource-based but with a low comparative advantage (iron ore mining, iron and steel manufacturing); these now account for 10 percent of output.

4. Other recently-developed industries which are not based on local raw materials (metal fabrication, engineering and electrical goods); these account for the remaining 30 percent of industrial output.

Despite the recent emphasis given to investment in heavy basic industry, the structure of output has not changed much over the past decade. In terms of the value of production, cotton yarn and cotton textiles remain most important (21 percent of the total); food industries are second in importance (currently 19 percent of the total).

81. Since 1961, public sector industry has dominated all lines of activity. The public sector now accounts for 75 percent of the value of industrial output and includes all large plants in the country -- some 200 firms, each employing more than 500 workers. Employment in public sector industries numbers about 500,000 workers (two-thirds of whom are in textile and food industries) out of a total labor force of 650,000 workers (in all industries employing more than 15 workers). The private sector remains dominant in the woodworking and leather industries. Private sector industry also accounts for about 20-25 percent of the output in the textiles, food, and chemical and engineering industries. Private sector plants are small -- some 4,000 firms having less than 50 workers each. Total employment in industry currently accounts for about 15 percent of the labor force. The following table summarizes a number of major indicators of Egypt's industrial structure and growth in recent years.

Table V-1

INDICATORS OF INDUSTRIAL DEVELOPMENT

Structural Indicators /1	Measure	1960/61	1965/66	1968/69	1969/70	1970/71
Industrial Output	% of total output	43	42	43	42	..
Value added in industry	% of GDP	21	22	22	21	23
Fixed investment in industry	(% of total investment	30	27	30	35	38
	(% of industrial output	6	6	5	5	5
	(% of value added	24	22	20	23	20
Employment in industry	% of total employment	10	11	11	11	..
Industrial output by main branches						
- spinning & weaving	% of total industrial output	20	20	21	21	21
- food		15	16	19	19	19
- chemicals	"	4	..	5	5	5
- engineering & electronics	"	..	..	4	5	5
- metallurgical & mining	"	..	..	2	3	3
- petroleum /2	"	6	7	6	5	6
Public industries /3	% of industrial output /3	..	..	75	75	76
Private industries	"	..	..	25	25	24
Manufacturing exports /4	% of total exports	23	27	46	38	42
Exports by main products						
- cotton yarn	% of manuf. exports/4	19	33	26	26	24
- cotton textile	"	11	15	12	12	13
- bleached rice	"	34	27	34	29	21
- fuels	"	..	..	6	5	10

Growth Indicators /1	1960/61-65/66	1965/66-70/71	1968/69	1969/70	1970/71
Industrial Output	9	6	7	9	7
Value added (constant prices)	7	5	10	7	12
Fixed investments in industry	8	5	18	22	2
Employment in industry /5	6	2	3	3	..
Industrial output by main branches /6					
- spinning & weaving	8	3	4	9	8
- food	6	7	14	8	6
- chemicals	27	4	14	9	14
- engineering & electronic	..	..	4	18	21
- metallurgical & mining	18	4	4	17	35
- petroleum	15	24	38	- 7	26
Public industries /3	..	..	13	10	13
Private industries	..	..	9	5	8
Manufacturing exports /4	7	12	37	-12	13
- cotton yarn	22	6	18	- 9	1
- cotton textiles	16	10	20	-10	23
- bleached rice	8	7	37	-33	-24
Fuels	..	..	32	-31	108

/1 Current prices unless indicated otherwise.
/2 Excluding partners' share.
/3 Excluding military factories, cotton ginning, flour mills, etc.
/4 Excluding fuels, but including husked and bleached rice. The average annual growth rates correspond to: 1958/59-64/65 and 1964/65-70/71.
/5 The average annual growth rate correspond to: 1959/60-65/66; 1965/66-69/70.
/6 The average annual growth rates of 1959-65 and 1965-70 are based on the Industrial Production Index (constant prices).

Source: Computation on the basis of data of the General Organization for Industrialization, Central Agency for Public Mobilization and Statistics, Federation of Egyptian Industries.

82. Industry was the leading sector in Egypt's growth in the 1960's. Despite the impact of the 1967 war (which caused the volume of output to stagnate in 1966/67 and to decline in 1967/68, and which is still reflected in destroyed or idle refining and production capacity at Suez, Ismailiya and Port Said), the value added in Egyptian industry rose over the decade at an average rate of about 6 percent annually (in real terms). In the past three years, value added in industry rose by nearly 10 percent annually, with the public sector growing more rapidly than the private sector. In 1970/71, the value of output of the textile and food industries grew by 8 percent and 6 percent, respectively. Growth rates in more recently established industries ranged from between 14-35 percent.

83. Particularly in the late 1960's, Egypt's industrial capacity was under-utilized to a considerable extent, owing both to the premature establishment of large units unable to produce for export (e.g., steel) and to severe rationing of foreign exchange. This led to shortages of imported raw materials and spare parts, and prevented needed replacements of worn-out and inefficient equipment. Shortages of local raw materials appear to have been a much lesser problem, occasionally affecting mainly the food industries. The utilization of capacity appears to have improved considerably in the past year or two, and many industries (e.g. textiles, cement, petroleum refining, sugar, leather) reportedly now operate at full capacity. This improvement was in large part due to the Government's easing of import restrictions -- at the cost of a widened trade deficit. But underutilized capacity still persists in several branches -- mainly in chemicals and in metal manufacturing and transforming industries, including steel forging and rolling. In these industries, however, it is not mainly the scarcity of foreign exchange which is the problem but rather the insufficiency of demand for the products of those industries.

84. Egypt's exports of manufactures have grown to account for about 40 percent of total commodity exports, an increase of about 10 percent from the early 1960's. Cotton yarn and textiles are the most important, accounting for about one-third of total manufactured exports. There have been slight increases in the shares of exports of sugar, cement, shoes, beverages, ready-made wear, etc. -- indicating some progress in export diversification. However, given the orientation of industry to import substitution, there has been no major change in the composition of industrial exports over the past decade. An exception would be the case of petroleum and petroleum products, exports of which have more than doubled in the past several years. The overall growth of exports of manufactured goods averaged some 10 percent annually (in current prices) over the last decade. The growth in 1970/71 was 13 percent. Among the principal commodities, cotton yarn exports have remained nearly constant for several years, but cotton textile exports have risen on the average by 5-1/2 percent annually and other textiles by over 20 percent per year over the past two years. Bleached rice exports, on the other hand, declined by more than 20 percent annually from 1968/69 to 1970/71.

85. Investment in industry has absorbed a major share of Egypt's total investment expenditures — about 30 percent in the early 1960's and nearly 40 percent in 1970/71. The level of investment in industry fell from about £E100 million in 1965/66 to £E86 million in 1967/68, but then recovered back to £E100 million in 1968/69 and rose to a level of about £E125 million in both 1969/70 and 1970/71. Public sector investment in industry, which accounts for more than 90 percent of the total, declined slightly in 1970/71, reflecting mainly the economy-wide pressure on resource availabilities. As shown in the table below, recent investment expenditures have been channelled mainly to iron and steel and petroleum, and to a lesser extent to chemicals; together, these industries have accounted for about 70 percent of total public sector investment.

Table V-2

Public Investment in Industry

(as % of total)

Branches	1968/69	1969/70	1970/71	Plan 1973/77
Textiles	5	9	7	10
Food	10	6	6	6
Chemicals	17	7	9	16
Engineering	6	4	5	12
Iron and Steel	18	25	35	21
Petroleum and Petrochemicals	24	34	30	27
Building materials, mining and others	20	15	8	8

86. Over the five-year period 1973-77, the Government hopes to invest about £E 190-220 million annually in industry -- about 32-37 percent of total investment in the Plan. As may be seen above, sectoral priorities are planned to remain about the same as in recent years. Investments by the private sector are difficult to forecast, but the recent improvement in the business climate may lead to greater investments in traditional industrial such as textiles, clothing, food, leather, woodworking and engineering industries. However, despite new laws aimed at creating a better climate for foreign investment (including the creation of free zones), it is not expected that any significant direct investment from abroad will be directed to Egyptian industry unless a peace settlement is reached in the area.

87. Industrial finance is provided in large part by companies' internally generated cash flows. In addition to depreciation allowances, allocations to reserves on the average amount to about 20 percent of net income, including 5 percent of profits which must be invested in Government bonds. The remaining net profits are distributed between labor (25 percent) and shareholders, i.e. the holding organizations (75 percent). In some public sector enterprises, moreover, depreciation allowances are apparently not kept by the companies but have to be transferred to the State. Reserves nominally kept in the companies are earmarked for investment in industry,

but the Government rather than the firm decides which projects are to be financed. It is not clear to what extent such reserves (including depreciation allowances) are sterilized, transferred through the banking system, or allocated through other transfer mechanisms. Resources transferred directly to the State are pooled into the Investment Fund (i.e. the investment budget) and designated for reallocation within industry. The sources (by sub-sector) of these transferred resources are shown in Table 8.9. In 1970/71, the estimated transfers from public sector industries was about £E 50 million, i.e. somewhat less than half of public sector investments in industry in that year. About 60 percent of the total transfers were generated by the textile, food and chemical industries. Complementary financing is obtained directly from the budget, foreign aid and suppliers credits, and to a limited extent from the banking system.

88. Egyptian industry is heavily concentrated in the Cairo/Helwan area, and to a lesser extent in the Alexandria region. Following the 1967 war, most of the industrial activity which could be moved from the Suez Canal zone was transferred to the Cairo/Alexandria region. Aswan is presently a relatively minor growth pole, but substantial industrialization is projected there, mainly in electricity-based industries (aluminum and elemental phosphorous). When feasible, a decentralization of industry to the Red Sea shore and along the Suez Canal would appear to have a strong economic rationale. The uncertain prospects for reopening the Canal remains a hindrance to the formulation of locational policy, but as suggested in Chapter II, there remains a pressing need for the authorities to develop a comprehensive approach to the question of the location of economic activity in general. The important issues here are not so much strictly locational matters, but have to do with the whole balance of urban vs. rural development. These issues in turn have to do not only with the strategy of industrial development but with the country's overall long-term development objectives.

Objectives and Policies

89. Major investment and policy decisions are often taken at very high levels in the Government, and little freedom has remained to individual managers or firms in their choices of activities or sectors in which to invest. There are indications, however, that during the past year or so those in positions of authority in firms and in the General Organizations have been less subject than previously to reviews, reversals of policy, and frequent changes in operational directives dictated from above. Consequently, these officials are reportedly taking greater individual initiative, and becoming more forward looking. The movement towards some decentralization of decision-making should be seen in the context of other moves by the Government to introduce elements of economic and political liberalization. But it remains true that the formulation and implementation of industrial as well as other programs and policies is highly centralized. In industry, the key decisions are now taken at three levels: (a) the Prime Minister and Cabinet; (b) several key Ministries, including War, Economy and Foreign Trade, Treasury, Planning, and Industry; (c) the nine General

Economic Organizations (GEO's) dealing with industry, plus the General Organization for Industrialization (GOI). The GOI plays a major role in project identification, appraisal, and preparation, in cooperation with the responsible GEO's (i.e. holding companies). This centralization of decision-making implies considerable "red tape" in conducting administration and operations, and sometimes leads to inefficient plant management and investment allocation. Classical economic tools (such as tariff and fiscal policies) and incentives (such as the interest rate) have virtually no role in resource allocation, and only a limited role in the mobilization of resources.

90. Industry has been given a priority role by the Government for military, economic and social reasons. The principal mechanisms of industrial policy have been: control of all industrial investment (including that of the private sector) through plant licensing; physical planning and materials balancing; import licensing, and administrative controls over all movements of goods in the country; the manipulation of input and output prices in order to make all public enterprises appear financially viable; diversion of funds from established cash-flow generating sectors to less profitable but more favored sectors; and project selection according to criteria such as achieving self-sufficiency or improving interindustry linkage.

91. Industry faces some major problems, as neither the present industrial structure nor the current investment program appear to reflect Egypt's existing comparative advantages. Textile and food industries require modernization, while the engineering goods industries appear too much guided towards import substitution. Emphasis is given to capital intensive and heavy basic industry, despite its long gestation period, high import requirement, and low employment content. Industrialization has developed at a price level higher than the one corresponding to the official exchange rate. Due to price manipulations and administrative controls, the exchange rate and price determination mechanism have ceased to be operative for large segments of the economy, so that there is no general yardstick for measuring the efficiency of projects to be undertaken. It is difficult to determine, therefore, where domestic prices are "relevant," and if relevant, to what extent they have affected allocation. In this system, world prices do not perform signalling or clearing functions, as export prices are manipulated and imports are rationed administratively. "Competitive" export prices for manufactured goods are often realized by increasing domestic prices for the same products (e.g. textiles and cement). However, high cost sectors lacking a large domestic market base (e.g. iron and steel) cannot benefit from marginal cost pricing for export because of the magnitude of difference between world and domestic prices at the official exchange rate. Iron and steel, for example, are produced at costs double the c.i.f. import prices. In general, apart from some processed food and leather products, prices of most domestically produced industrial goods appear to need an exchange rate adjustment in order to become internationally competitive. Because of price distortions and administrative controls, benefits at the enterprise level are also unevenly distributed. What might have been self-generating growth (through reinvestment of surpluses by profitable enterprises) has been interrupted by the continuous

diversion of resources from cash-flow generating sectors (e.g. textiles) to high-cost industries (e.g. steel). This system has not provided much incentive to managers to achieve greater efficiency. 1/

92. As noted above, there have been some recent signs of movement towards a greater measure of economic decentralization. The authorities do not intend to alter the public ownership or centralized planning of industry, but they do appear to recognize the benefits of reducing certain administrative controls, and there is a new receptivity to the discussion of alternative criteria for resource allocation. There is also evident a more outward looking trade strategy and a greater appreciation of private sector industrial activity. Among the indicators of this trend are the recent passage of new laws affecting foreign investment, creation of the International Bank, establishment of a price commission to review relative price levels and price/cost relationships (though the commission has not yet turned to industry), envisaged free use for investment by export-manufacturing firms of part of their foreign exchange earnings (above assigned export targets), and some desequestration of private and commercial property. These developments appear to be leading to a somewhat more favorable business climate in the private sector.

Prospects and Priorities

93. Egyptian industry has a great potential for future development, and it is counted upon to remain Egypt's leading sector. The high priority given to this sector seems appropriate, especially in light of the relatively uncertain outlook for tourism and the prospect for only moderate agricultural growth in the long run. A large-scale expansion of manufactured exports as well as sound import substitution also appears imperative to ensure a viable long-run balance of payments position. However, industry could grow faster and increase its real contribution to the economy (in terms of value added at world prices) if priorities within the sector were guided to a much greater extent by world prices. This would in itself impose a more economic approach to the measurement of efficiency, and serve to orient intra-sectoral priorities to reflect Egypt's comparative advantages. The Egyptian authorities are themselves aware of the need to reform the pricing and incentive systems in order to promote greater competitiveness. Given the current difficulties, the need to raise efficiency in the use of the limited resources available for civilian purpose is all the more urgent.

1/ These comments are not intended to suggest that "efficiency" in the sense of short-run profit maximization or cost minimization is the only "legitimate" objective. However, it may also be argued that Egypt's industrial policy has been too little concerned with employment creation or income distribution objectives.

94. In the short run, sub-optimal ("second-best") pricing corrections can usefully be implemented, especially in branches such as fertilizers or cement in which inter-industry linkages with the high cost engineering goods industry are not very strong. Market considerations -- rather than the aim of self-sufficiency at any cost -- should also play an increasing role in defining plant size and lines of production. There is also a need to rationalize the cost structure of the engineering goods sector, where high economic returns and good export prospects can be expected if input prices into the industry can be brought into line with world prices. This will require a review of inter-industry linkages (including local manufacture of equipment and machinery) and an assessment of needed corrections in input prices. In the short run, there may be a good case for subsidizing some of the presently high steel prices, in order to offset the competitive disadvantage which these prices entail for the steel-consuming industries. Concerning trade in general, particular attention should be given to the economics of Egypt's barter trade and to the prices and exchange rates which regulate such trade -- particularly in the case of capital goods imports.

95. In the short-to-medium term, Egypt can successfully continue to exploit its comparative advantage in agriculture-based industries. In particular, it is important that Egypt compete aggressively in textiles, and particularly in clothing, through improving its quality and cost controls. Over the medium-to-longer term (and parallel to the expansion of agro-based industries), there are also good prospects for the development of selected resource-based industries (fertilizers, cement, some electricity-based industries, petroleum, etc.) and engineering industries.

Sub-Sectoral Development Prospects

96. The following paragraphs provide a brief summary of the outlook for the main branches of Egyptian industry.

97. Egypt's crude oil production expanded rapidly in the 1960's, but experienced a setback in 1971 when the output from the El Morgan field dropped by one-third, due to a lowering of pressure in the reservoir. Consequently, total production is likely to drop from the 16 million tons reached in 1970 to about 12-13 million tons in the next two to three years. The medium-to-long term prospects for increased oil production are uncertain, but most observers believe that the Government's forecast of 45 million tons by 1981/82 is probably achievable. Given its foreign exchange earning prospects, the sector certainly deserves the priority given it by the Government. The present refining capacity for local consumption and exports (7.7 million tons/year) is fully utilized. The projected doubling of refining capacity by 1982 appears economically justified, and the naphtha surpluses generated can profitably be used as inputs into the petro-chemicals industry. The natural gas resources now under development will also provide promising new basic resources for use as industrial and domestic fuels and as feedstock in fertilizer manufacturing. Natural gas supplies may also liberate some petroleum products for export, and contribute in the short run to an improvement in the balance of payments. In the long run, exports of liquefied natural gas may also be envisaged.

98. Import-substitution in the field of nitrogenous fertilizer is planned to fill what would otherwise be an import requirement estimated at 250-350,000 tons of nitrogen by 1975. An envisaged ammonia-urea plant based on natural gas seems likely to show a satisfactory economic return despite competition from neighboring Gulf and Eastern countries. Annual foreign exchange savings might reach about £E 13 million, as compared to an estimated £E 20 million foreign exchange investment. Forward integration into manufacturing phosphoric acid or elemental phosphorous based on local phosphate rock may also prove attractive. However, the economics of this operation will have to be closely examined, particularly in the case of the envisaged elemental phosphorous complex. The planned petrochemical industry (plastics, synthetic rubber and synthetic fibers) will process local naphtha surpluses and substitute for increasing imports of petrochemicals; it could also substitute for some basic natural resources which are in short supply, such as timber or jute. Market conditions appear to warrant the creation of these facilities by the end of the decade. It will be essential for their success, however, that the technologies used be of high international standards and have been proved operational in previously installed plants.

99. The textile industry (spinning and weaving) has operated at full capacity since the mid-1960's, reflecting both growing local and foreign demand and a lack of major capacity expansion in the recent past. In addition to the need for expansion, about one third of existing spinning capacity and a fifth of existing weaving capacity urgently requires replacement. Similarly, the finishing segment of the industry urgently needs modernization to meet the quality standards of developed countries. Clothing production also deserves high priority, given its booming international demand and its high local value added. Against such needs, Egypt's planned investment appropriation (only 10 percent of the total industrial investment planned over the period 1973/77) appears quite insufficient. The prospects appear good for textile exports to hard currency as well as Eastern markets.

100. Expansion of the Helwan iron and steel complex from 0.3 to 1.2 million tons of steel products constitutes Egypt's single largest current and projected industrial investment. The total capital cost for the 1969-74 expansion program is £E 330 million, including the development costs of a new iron ore mine and of railway infrastructure. The increase in plant size and lowered cost for iron ore will improve the economics of the existing plant, but final steel costs may remain well above c.i.f. import prices for the same goods. The adverse effect of the high steel prices on the rest of the economy, and particularly the engineering goods industry, has already been noted. The steel transforming industry (including rolling, stamping and forging) operates below capacity and will probably need subsidies for the same reasons.

101. The iron and steel consuming industries (electrical and engineering industries) benefit from a low cost and mechanically-inclined skilled and semi-skilled labor force and good demand prospects, both locally and for exports. In developing these industries it will be important to avoid high

costs due to idle capacity and excessive import substitution, to maintain input prices in line with world prices, and to give the sector a strong export orientation.

102. The expansion of the cement industry to meet growing local and export demand also appears to be a promising resource-based development. Egyptian expertise in this sector is considerable. Two issues of particular relevance to the growth of this sector are: a) the need for timely financing; and, b) the need for economic criteria to be paramount in locational decisions.

103. The food and leather industries provide large opportunities for continued import substitution and export expansion. The sector is dominated by the private sector and benefits from dynamic entrepreneurial capabilities. Action to assist rapid development in this field would include the assurance of adequate and timely supplies of agricultural inputs into the industry, increased efforts to improve the efficiency of internal and export marketing channels, diversification of the range of products and of export markets, and provision of adequate investment finance to enable modernization and expansion.

Tourism

104. Egypt has a vast potential for tourism development, by virtue of its historical sites and treasures, its modern cities, its climate and beaches, its springs and recuperative facilities, its hospitality to foreign visitors, and its moderate prices for tourist services. Its special attractions for Arab visitors are obvious, and its geographical situation is also favorable with respect to tourism from both West and East. This potential was being exploited in the early and mid-1960's, when the numbers of tourist arrivals and nights spent rose rapidly to reach a peak in 1965/66, but then fell drastically following the 1967 war. In the years 1968 to 1970, the number of tourist nights spent in Egypt was less than half the levels reached in 1965 and 1966. However, there was a strong resurgence of tourism in 1971 and in the first months of 1972, reflecting some easing of tensions in the Middle East. Tourism could be a leading sector in Egyptian development if peace were restored; but there also appear to be fair prospects for moderate growth even in the face of continuing tensions in the area.

105. The following table summarizes some of the principal indicators of Egypt's tourist development in recent years:

Table V-3

	Absolute numbers (thousands)		Annual Rates of Growth					
	1965	1971	1966	1967	1968	1969	1970	1971
Total Tourist Arrivals	542	428	7	-40	-8	8	4	20
Total Tourist Nights	10,400	5,979	-6	-35	-31	-	4	31
Arabs	7,067	4,619	-9	-39	-13	-3	10	26
Europeans	2,328	817	-	-31	-61	10	-22	52
Americans	395	188	7	-7	-68	18	-14	50
Other	610	355	-3	-30	-55	-16	6	51
Estimated Tourist Earnings (£E millions)	50	36	8	-31	-27	6	1	25

106. The number of tourist arrivals in Egypt increased from fewer than 300,000 in 1961 and 1962 to about 540,000 in 1965, reaching a peak of about 580,000 in 1966. The number of tourist nights recorded in this period rose from an average of about 4 million in 1962 and 1963 to 7 million in 1964 and about 10 million in both 1965 and 1966. Tourists to Egypt in 1965-66 spent an average of about 18 nights each, and Egypt's receipts of foreign exchange from tourism was in the order of £E 50 million in each of those years -- equivalent to over 20 percent of merchandise exports.

107. In 1967, in consequence of the June conflict, the number of tourist nights fell to about 6 million, and in the years 1968-70 averaged close to 4-1/2 million -- or less than half the level of 1965-66. Tourist expenditures in the period 1968-70 were estimated to have averaged about £E 28 million annually. In 1971, however, as tensions in the area eased somewhat, there was a strong resurgence of tourism, and the number of tourist nights rose by more than 30 percent above the 1970 level. This recovery continued into 1972; in January-February 1972, the number of tourist nights was over 50 percent above the number recorded for the same period in 1971. Tourist arrivals in 1971 were equivalent to about three-fourths of the 1966 peak. However, due to a fall in the average number of nights spent per tourist (from 18 nights in 1965-66 to 14 nights in 1971), the number of tourist nights in 1971 was still only 57 percent of the 1965 record of 10.4 million. In the period 1968-71, tourists passed an average of 13 nights and spent an average of around £E 70 each. Total foreign exchange earnings from tourism in 1971 were estimated at £E 36 million -- equivalent to about 10 percent of merchandise export earnings.

108. The composition of tourists has shifted somewhat in recent years as the proportionate decline in visits by European and American tourists was greater than that of Arab tourists. In 1965, Arab tourists comprised 68 percent and European plus North American tourists accounted for 26 percent of all tourists. In 1971 these proportions were 77 percent and 17 percent, respectively. It is estimated that about 70 percent of Arab tourist nights are spent in rented apartments rather than hotels. The present supply of accommodation consists of about 24,000 hotel beds and some 30,000 beds in furnished apartments. The latter presently account for about 70 percent of tourist nights. In the spring of 1972 there was considerable pressure on the country's luxury and first class hotel capacity in Cairo, Luxor, and Aswan, but in general there is still a condition of general excess capacity, as evidenced by the low average occupancy rates implied by the above figures. In 1965, Egypt accommodated about 7 million tourist nights in apartments and 3 million in hotels. If Egypt were to achieve the 70 percent occupancy rate considered as optimal, this would in fact permit 15 million tourist nights annually with the present capacity. However, this would require a very successful promotional effort to achieve better balance between tourist demand and the supply of facilities -- by location, by season, and by type of accommodation.

109. The Egyptian authorities believe that if peaceful conditions were restored to the Middle East, Egypt could realize 15 million tourist nights by 1974, and that tourism could continue to grow by as much as 30 percent annually through the mid-1970's, reaching perhaps 25 million tourist nights in 1977. Of this projected growth, about half would be expected to come from Arab tourists, half from non-Arabs. Egypt's prospective strategy for tourism development in the coming decade will emphasize: (a) more selective promotional and marketing activities aimed at improving the utilization of existing capacity and at attracting specific groups of Arab and European visitors; and (b) greater development of mass and budget tourism, with less emphasis on attracting luxury-class sightseeing-oriented visitors and more emphasis on developing recreation or recuperation-oriented tourists. An objective of this approach is not only to attract greater numbers of visitors, but also to increase the average length of stay. To this end, the authorities are hoping to develop new resorts, spas and holiday villages, and to exploit the attractions of Egypt's climate, beaches and mineral springs in addition to well-known historical sites and attractions. In particular, the Government sees great potential in developing tourist complexes on the north coast. Other projects include recuperative resorts in the Faiyum area, a £20 million luxor project, and exploitation of Red Sea sites for winter tourism. There is also a pressing need to improve the condition of existing facilities and to complete certain projects already undertaken (e.g., unfinished hotels in Cairo and Aswan).

110. The Egyptian authorities appear to have somewhat ambivalent feelings about giving a high priority to tourism development at a time when the country is in a state of war. However, it is also recognized that tourism is a sector in which the country enjoys a comparative advantage which, if developed, could provide considerable economic and financial returns in addition to much

needed foreign exchange. But tourism remains a relatively neglected sector -- at least as far as budgetary allocations are concerned. In the 1971/72 budget, for example, only some LE 2.4 were appropriated for tourism. In the 1973-77 draft plan, investment in tourism was indicated at LE 60 million (2 percent of the total) -- of which more than half was counted upon to be provided by foreign investors. The Government is presently seeking to attract Arab, European and American investors to provide at least the foreign exchange component of new accommodations. In addition to qualifying for the general benefits of the Law on Foreign Investment, investors in tourism will also receive special tax exemptions for periods of 5-8 years, with additional exemptions applied to reinvested earnings. It is hoped also that the exemption of foreign investors in housing from most of the regulations of the present housing law may result in the construction of new apartments with potential touristic utility. It is reported that some foreign investors are considering constructing hotels.

111. While prospects for the near-term development of the sector are compromised by the uncertain political situation in the region, the Government believes that a growth in tourist demand of perhaps 10 percent annually can still be achieved without major changes in this situation. Despite present limitations on the movements of tourists, most of the major attractions are accessible, and certainly Egypt's prices are competitive. In the winter of 1972, for example, hotel prices were at the same level as prevailed in 1966, while tourists enjoyed a 35 percent premium in the rate of exchange. In June 1972 this premium was raised to 50 percent in an effort to diminish black market exchanges.

VI. PUBLIC FINANCE, MONEY AND PRICES

Overall Development 1/

112. The salient feature of Egypt's fiscal development in recent years has been the rapid increase in military expenditures, and the consequent squeezing of resources available for civilian expenditures — both current and capital. Between 1966/67 and 1970/71, defense expenditures rose at an average rate of about 26 percent annually, while non-defense current expenditures — though rising in 1969/70 and 1970/71 — had still not recovered to their pre-war level as of 1970/71. 2/ Similarly, public sector fixed investment also rose somewhat in the period 1968/69-1970/71, but still did not reach the level attained prior to the 1967 war. As of 1970/71, military expenditure accounted for about 15 percent of GNP and about 35 percent of total public expenditure, compared with proportions in the early 1960's of about 9 percent and 20 percent, respectively. Public fixed investment has meanwhile accounted for less than 11 percent GNP in recent years. The following table summarizes the evolution of defense and non-defense spending in the past six years:

Table VI-1

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
			(in £E millions)			
Defense expenditure	175	167	224	268	386	423
Non-defense current expenditure	510	497	392	383	449	474
Public investment	300	271	267	312	352	358
of which: fixed	(350)	(329)	(290)	(291)	(313)	(308)
Total non-defense	810	768	659	695	801	832
			Annual percentage changes			
Defense expenditure	-1	-5	34	20	44	10
Non-defense current expenditure	41	-3	-21	-2	17	6
Public investment	2	-10	-2	17	13	2
of which: fixed	(3)	(-6)	(-12)	(-)	(8)	(-2)
Total non-defense	23	-5	-14	5	15	4

1/ The analysis of fiscal developments is made difficult by the reclassifications of expenditures and revenues over time. For details, see the footnotes to Tables 5-1 through 5-4 in the Statistical Annex.

2/ The assumptions and methods used in classifying Emergency Fund sources and uses are described below in paragraphs 124 and 127.

113. As may be seen, in 1970/71 total non-defense expenditure (as defined above) was only little more (in current prices) the level reached before the 1967 conflict. And since the price level (GDP deflator) increased by over 10 percent in this period, there was a decline in total civilian expenditure in real terms. On the other hand, it should be noted that some of the prewar civilian expenditure included debt service and settlements of arrears not included in the 1970/71 figures. Expenditures on social and economic services rose by some 30 percent (in real terms) in this period, but fixed public investment remained far below the pre-war level.

114. On the positive side, it should be noted that there was a major fiscal effort on the revenue side. Tax receipts rose rapidly since 1967/68; much of the defense burden was borne by other Arab countries which made large grants to Egypt (apparently well in excess of the Khartoum Agreement transfers). After a current deficit of the Central Government around £E 70 million in 1966/67 and 1967/68, a small surplus emerged in 1968/69 and 1969/70. In 1970/71, however, there was a deficit of £E 32 million. The Government's stabilization measures following the 1967 war (which included tax increases and reductions in cost-of-living subsidies in addition to other cuts in non-defense spending) was accompanied by a reduction in Egypt's trade deficit, which fell from an average of £E 160 million in the two year period 1965/66-1966/67 to £E 134 million in 1967/68 and £E 77 million in 1968/69.

115. In 1969/70 and 1970/71, however, there was an increase in bank financing (to £E 80 million in each year) and a widening of the trade deficit (to £E 125 million and £E 173 million, respectively). The domestic deficits increased despite substantial rises both in ordinary revenues and in the surpluses of the public enterprises and social insurance funds. The main reason for the increased deficits was a nearly 60 percent rise in military spending and a 20 percent rise in non-defense current expenditure over this two year period, together with a rate of investment expenditure more than 20 percent above the average of the preceding two years. Public sector savings remained virtually unchanged in 1969/70 and 1970/71, as did Government borrowing from households and net external financing. The financing of investment will be discussed below in more detail, following a description of the structure and recent growth of Government current revenues, current expenditures, and public investment expenditure.

Government Revenues and Social Security Surplus

116. In the three years 1968/69-1970/71, Egypt's total ordinary revenues grew by nearly 10 percent annually, raising their share in GDP to 21 percent in 1970/71. Including savings from the Social Insurance System, this ratio becomes 27 percent. The 1967 war had an adverse effect on a number of revenue sources, especially Suez revenues, business profit taxes, and customs duties. Mainly because of the closing of the Canal, non-tax revenues fell by nearly £E 100 million between 1966/67-1967/68, and these still remained in 1970/71 at only about half their 1966/67 level of £E 174 million. Tax revenues, on the other hand, grew at an average rate of 12 percent annually in the period 1966/67-1970/71, with the fastest growth in property taxes and business profit taxes, largely through greater efforts to improve tax administration in collecting arrears. The following table summarizes the recent development of the revenue structure:

Table VI-2

Central Government Ordinary Revenues: Structure and Growth

	1963/64	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72 (Budget)
	(in ₤E millions)							
Tax Revenues	272	342	423	414	451	524	572	531
Non-Tax Revenue	97	132	174	70	83	94	63	91
Total Ordinary Revenue	369	474	597	484	534	618	635	622
Extra-ordinary Revenues /1	-	-	-	60	128	225	230	298
Total Revenues	369	474	597	544	662	843	865	920

	Average Annual Growth Rates		Share of Total Ordinary Revenue	
	1963/64-1970/71 (%)	1967/68-1970/71 (%)	1963/64 (%)	1970/71 (%)
A. Direct Taxes	17	17	13	22
Income Tax	10	9	4	4
Business profit tax	20	19	9	18
B. Indirect Taxes	10	10	61	68
Property tax	12	21	2	3
Excise and consumption taxes	20	11	14	27
Customs duties	5	11	39	31
Other	9	-1	6	7
C. Total Tax Revenues (A±B)	11	12	74	90
D. Non-Tax Revenues	-6	-3	26	10
E. Total Ordinary Revenues	8	10	100	100
F. GDP at current prices	7	6-1/2	..	..

/1 Emergency Fund receipts less transfers from public sector surpluses classified as "other expenditure".

117. As may be seen from the table, customs duties and other indirect levies are the most important taxes, accounting for about one-third each of total tax receipts. Next in importance are business profit taxes. Personal income taxes account for less than 5 percent of total taxes; more important as a source of personal taxation are the social insurance premiums, to be described below. There were few changes in tax rates or in the tax base since 1967/68, excepting the introduction in 1968 of a national security tax, levied as a 50 percent surcharge on the defense tax. Most of the recent increase in tax revenues was attributable to higher levels of imports and consumption, and to better tax collection procedures. The Egyptian tax structure is widely believed to be quite inelastic, but recent data indicates a fair measure of

tax buoyancy with respect to changes in GNP. A notable exception has been the land tax, revenues from which have not kept pace with rises in agricultural income. The time appears opportune for an increase in this tax, preferably through an assessment procedure linking the tax to potential productivity. Another area of potential tax reform is in personal income taxation, where receipts remain low despite very high marginal rates; this poor yield is reportedly largely because of widespread evasion. In January 1972, the Government announced a new set of tax measures, including increased gasoline taxes, higher customs duties (or bans) on nonessential imports, and the introduction of a tax on orchards. Given the substantial increases in private consumption which have taken place notwithstanding the military burden, there also appears considerable room for increasing taxes on rents, on durable consumer goods, and on other goods and services consumed mainly by people with upper and middle level incomes.

118. A major source of revenue for Egypt since the 1967 war has been transfers from abroad to the Emergency Fund, which was created in 1968 to finance military and related expenditure. Neither the specific sources of the Fund's financing nor the specific destinations of its expenditures is reported. 1/ In 1968 and 1969 transfers under the Khartoum Agreement appear to have accounted for most of the Fund's finances, but the financing of the much-expanded Fund in 1969/70 and 1970/71 cannot be explained either by reference to published balance of payments or budgetary data. It appears from public sector budgets that some domestic resources were transferred to the Fund in 1969/70 and 1970/71 (as indicated in the footnote to the above table), but the unexplained revenue sources still remain in the order of £E 100 million. It is presumed that considerable amounts of Soviet and Arab aid (above and beyond Khartoum Agreement assistance) were directed to the Emergency Fund in those years, but there is no direct corroboration that these flows were of this magnitude.

119. For a large part of the population it is not taxes but premiums to social security and pension funds that constitute the most important tax. Membership in these funds rose by a half million persons in the five years preceding 1970/71, reaching a total of 2.6 million in that year. Membership is presently limited mainly to public sector employees, but the Government plans to extend the system's coverage to agriculture and other parts of the private sector; specifically its aim is to raise membership to 7 million within three years. If these plans are realized, the social security surpluses should be one of the most dynamic sources of public savings in the years ahead. Total receipts of the system rose from £E 141 million in 1965/66 to £E 216 million in 1970/71, of which 60 percent consisted of premiums and 40 percent returns on invested funds. Combined benefit payments and operating costs meanwhile rose from £E 18 million to £E 45 million over this period.

1/ The totals are shown in Table 5.1 in the Statistical Annex.

Consequently, the net surplus of the system rose from ĿE 123 million to ĿE 171 million — the latter figure being equivalent to six-fold the total personal income tax receipts. 1/

Current Expenditures

120. The principal points concerning Egypt's current expenditures were summarized above (para 112 including Table VI-1. The table below presents some additional significant information on the recent development of these expenditures:

Table VI-3

Government Current Expenditures: Structure and Growth

	Amounts in ĿE millions			Share of Total Expenditure			4 Yr. Av. Annual Growth, 1967/68-1970/71
	1963/64	1966/67	1970/71	1963/64 (%)	1966/67 (%)	1970/71 (%)	(%)
Organizational Services	239	237	582	48	36	65	25%
Defense /1	177	167	423	36	25	47	26%
Other	62	70	159	12	11	18	22%
Social and Economic Services	178	230	273	36	35	30	4%
Agriculture/ Irrigation	24	29	40	5	4	4	10%
Education	82	100	126	17	15	14	6%
Health	21	29	40	4	4	4	8%
Other services	51	72	67	10	12	8	-6%
Other /2	76	197	42	16	29	5	-32%
Total	493	664	897	100	100	100	8%

/1 Includes Emergency Fund expenditures, on assumption that 70% of the Fund is allocated to defense; the remaining 30% has been classified under other organizational services.

/2 Includes domestic debt service (including principal in 1963-64 and 1966/67), pensions and remunerations, cost of living subsidies, and a settlement of arrears in 1966/67.

1/ Treasury accounts (see Table 5.4) report a 1970/71 surplus of ĿE 188 million; the mission was not able to determine the reason for the discrepancy.

121. Total current expenditures were equivalent to 30 percent of GNP in 1970/71. As may be seen from the table, non-defense expenditures accounted for all of the rise in the mid-1960's, when defense spending even declined in absolute terms. Since 1967, however, military spending has received absolute priority. The military spending reported above consists of the sum of the current expenditures denominated for defense plus 70 percent of the Emergency Fund. According to Government sources, this Fund has been used not only for strictly military purposes, but also for reconstruction and other "conflict-related" expenditure which might be classified partly as civilian expenditure. Any attempt to estimate actual defense expenditure on the basis of published information is, of course, subject to a wide margin of error.

122. Among other noteworthy features of the structure of current expenditure is the continuing substantial share of educational expenditure (14 percent of total expenditure and 4 percent of GNP in 1970/71) and the increased priority given to health. Not shown in the table is the drop in cost of living subsidies (from an average of about ₤E 45 million in the mid-1960's to zero in recent years), a measure taken as part of the stabilization effort of 1968/69. According to the 1971/72 budget, defense spending was projected to rise another 10 percent, total non-defense expenditure by 15 percent. In January 1972, however, the Government announced a cutback in "less essential" current expenditures in order to free more resources for the war effort.

Public Investment and its Financing

123. Public investment expenditure has borne much of the burden of retrenchment in Government spending for civilian purposes. Unfortunately, it is impossible to be precise about year-to-year changes in public investment, owing to a number of unresolved discrepancies in budgetary, national accounts, and sectoral data. 1/ However, it appears by all accounts that the share of public investment in GNP dropped in 1966/67-1967/68 to below 11 percent of GNP, and has remained in the general area of 11-12 percent since 1968/69. The following table shows the shares of total investment claimed by the principal sectors, and the respective growth rates of investment by sector in recent years:

1/ There is also a significant discrepancy in the budgetary data provided to the IMF and IBRD missions. IMF data for 1970/71 show public investment at ₤E 292, compared to a figure of ₤E 358 in IBRD mission data -- a discrepancy of over 20 percent. A possible reconciliation might be found in the item identified only as "other expenditure" in the table summarizing public sector operations (Table 5.4 in this report). This item is ₤E 60 million higher in the IMF data -- conceivably representing additional investment expenditure. However, the IMF assumes that most of the "other expenditure" has been transferred to the Emergency Fund, to be used for current rather than investment purposes.

Table VI-4

Public Sector Investment: Structure and Growth

	Share of Total Public Investment 1963/64	1966/67	1970/71	Average Annual Growth Rates (%) 1963/64-1966/67	1968/69-1970/71
Agriculture	13	18	8	-1	-2
High Dam	17	21	2	-3	-47
Electricity	5	9	5	9	6
Industry	30	15	44	-28	15
Transport/Comm.	5	5	9	-10	-12
Housing & Utilities	5	5	6	-7	62
Other	25	27	26	..	..
Total	100	100	100	-10	7

124. The salient feature of the changing structure of investment is seen in the changed priorities of agricultural and High Dam investment vis-a-vis industrial investment. The latter was very much squeezed in the mid-1960's, but since completion of the Dam in 1968, industry has had by far the highest priority. Somewhat surprising, perhaps, in light of the Government's social objectives, is the still rather low share of housing investment, though most housing continues to remain in the private sector.

125. The role of public sector savings, domestic and foreign borrowing and Central Bank finance in the financing of total public investment was briefly touched upon above. The following table presents a fuller summary of the sources of this financing:

Table VI-5

Public Sector Savings and Investments
(in £E millions)

	1967/68	1968/69	1969/70	1970/71	Budget 1971/72
Public sector investments	267	312	352	358	350
Public sector savings	178	258	260	256	248
Central gov't current surplus	-72	11	8	-32	-91
Current revenues /1	(544)	(662)	(843)	(865)	(920)
Current expenditures /2	(616)	(651)	(835)	(897)	(1011)
Local gov't current surplus	16	9	17	12	11
Social insurance surplus	145	151	159	188	188
Public enterprise savings	63	55	66	84	98
Other receipts	26	32	10	4	42
Other domestic financing	65	68	107	103	102
Borrowing from households	15	20	27	25	22
Central bank finance	50	48	80	78	80
External financing (net)	24	-13	-15	-2	-
Disbursements	58	32	43	55	69
Repayments	34	45	58	57	69
Memo Items:					
Increase in net claims of banking system on public sector (£E, m.)	28	36	93	82	..
Public sector savings as % of public investment	67%	83%	74%	72%	71%
Public sector savings as % of GDP	7.0%	9.6%	8.8%	8.3%	..
Public investment as % of GDP	10.5%	11.6%	11.8%	11.6%	..
Public sector resource gap	3.5%	2.0%	3.0%	3.3%	..

/1 Includes receipts of transfers from abroad for Emergency Fund.

/2 Includes expenditures of Emergency Fund.

Three important features stand out: a) the recent stagnation of public sector savings; b) the (seeming) negligible net contribution of external finance; and c) the increased reliance on Central Bank financing since 1969/70.

126. Given the evolution of current revenues and expenditures as described above, the Central Government's current balance moved from a deficit in 1967/68 to small surpluses in 1968/69 and 1969/70, then deteriorated to a deficit again in 1970/71. However, even though the current balance deteriorated by over LE 40 million between 1968/69-1970/71, public savings were maintained at a constant level of about LE 260 million over these years, owing to substantial increases in the social insurance surpluses and in public enterprise savings -- the latter only in 1970/71. 1/ Since GDP was growing in the meantime, however, the share of public savings in GDP declined each year, from nearly 10 percent in 1968/69 to just over 8 percent in 1970/71. Similarly, as investment rose over the period with unchanged savings, the public sector resource gap widened from 2 percent of GDP in 1968/69 to over 3 percent in 1970/71.

127. The financing of the public sector resource gap was provided entirely through domestic borrowing, both from households and from the banking system. In fact, as may be seen, rising external debt service obligations were not even fully offset by disbursements of foreign resources, so that there was a small net outflow on the external account. This additional deficit was more than offset by domestic borrowing from households, as the public's holdings of saving certificates and postal savings grew by some LE 10 million in the period 1967/68-1970/71. However, as noted above, there was also a substantial increase in Government borrowing from the banking system in 1969/70, increasing the share of bank finance in total public investment from an average of 17 percent in 1967/68-1968/69 to about 22 percent in 1969/70-1970/71, placing greater pressure on available resources. The increase in net claims on Government by the banking system shows a very similar trend. But it is not clear to what extent this trend reflects a shift to an increasingly expansionary policy. 2/ Budgetary projections for 1971/72 point to a substantially widened current deficit, more or less unchanged investment expenditures, an increase in "other receipts" (reflecting the lack of provision for transfers to the Emergency Fund), and virtually no change in other domestic or external financing. In the light of the usual conservatism of budgetary forecasts, the tax and expenditure actions of January 1972, and the issue of war bonds in March 1972 (LE 15 million in "Jihad bonds"), it appears that the current and overall deficits might be less than forecast. However, there are also reports of supplementary allocations for military expenditure, so there seems little prospect that there will be much improvement in public savings in the short run.

1/ While this stagnation in public savings is a serious problem, it is at least not as alarming as the large drop in total national savings in 1970/71 reported in the national accounts. The mission was not able to reconcile this apparent discrepancy between the national accounts and the public sector accounts.

2/ A confusing element in this interpretation is the unknown reason for a large decline in time and savings deposits of public enterprises in 1970/71. See below, para 131.

128. In the longer run, one key to higher public savings and higher investment rates will lie in the ability of the Government to foster efficient and competitive enterprises with a pricing system conducive to the generation of substantial surpluses in the most efficient firms. The rationalization of the pricing system will be a key element in generating higher real enterprise savings to be distributed between budgetary uses (via profits taxes) and increased direct financing of investment (whether by firms themselves or through Government holding companies). The pricing and taxing of agricultural commodities will also be a key element in the generation of public savings, since it would appear that the consumption of food and other agricultural consumer goods will have to be restrained if domestic resource mobilization is to move forward rapidly. The fiscal question of overriding importance for the foreseeable future is basically a political question: namely, whether conditions will permit extensive transfers from military to developmental expenditure — both current and capital.

Money, Credit, and Prices

129. Since the recent IMF and IBRD missions were provided with identical information concerning the development of money, credit, and prices, this report will only briefly summarize recent developments in these areas, leaving a fuller description to the 1972 IMF report entitled "Arab Republic of Egypt: Recent Economic Developments."

130. Egypt's credit policies, like her fiscal policies, were strongly expansionary in the early 1960's. Domestic credit expanded at an average rate of 15 percent annually between 1960/61-1965/66, giving rise to rapid inflation in the mid-1960's. Thus, in the three years ended 1966/67, consumer prices rose at an average rate of 9 percent annually. As noted earlier, in 1966/67 the Government embarked upon a stabilization program. This included a tight monetary policy which succeeded in reducing the rate of credit expansion to about 4 percent annually in that year and the next. The principal reason for the slowed credit expansion in those years was the reduced reliance of the public sector on the banking system. During that time, the money supply remained almost unchanged while net foreign assets declined.

131. In 1968/69 and 1969/70, the rate of credit expansion increased to 7 percent and 8 percent, respectively, as the economy recovered from the depression of the years immediately preceding and following the 1967 war. This credit expansion was fully reflected in an increase in domestic liquidity (i.e. money plus quasi-money), and the net foreign assets of the banking system remained virtually unchanged in those years. In 1970/71, despite the Government's intent to return to a more restrictive monetary policy, domestic credit again expanded by 8 percent, with Government financing by the banking system again the largest expansionary factor. In this year, however, there was a substantial reduction in net foreign assets, and domestic liquidity even declined somewhat. The main reason for the decline of the latter appears to have been an unexplained 20 percent fall in the time and savings deposits of government-owned companies. A summary of the factors affecting Egypt's liquidity in recent years is presented in the following table:

Table VI-6

Changes during period	1967/68	1968/69	1969/70	1970/71	July-Dec. 1970	July-Dec. 1971
	(In millions of ŁE)					
Money and quasi-money	-8.4	71.2	100.8	-1.9	19.9	58.7
Money	-19.5	37.4	73.7	13.9	21.3	70.8
Quasi-money	11.1	33.8	27.1	-15.8	-1.4	-12.1
Foreign assets (net)	-51.1	1.1	7.2 /1	-103.5 /1	-86.0	-65.7
Domestic assets, net	42.8	70.1	93.6	101.6	105.9	124.4
Claims on Government (net) /2	28.2	36.4	92.9	81.5	46.6	93.7
Claims on nongovernment sector	29.6	30.1	21.2	34.7	66.7	58.5
Other items (net)	-15.0	3.6	-20.5 /1	-14.6 /1	-7.4	-27.8
	(In per cent)					
Money and quasi-money	-1	8	10	0	2	5
Domestic assets (net)	4	7	8	8	9	10
Claims on nongovernment sector	8	7	5	8	15	12

/1 Includes the effects of the January 1970 and 1971 allocation of SDR 25.2 million and SDR 20.1 million, equivalent to ŁE 8.8 million and ŁE 7.0 million respectively (at par value). The SDR allocation improved the net external position and exaggerated the contractionary effect of "other items (net)."

/2 Includes changes in counterpart funds.

132. In the first half of 1971/72, domestic credit expanded at an annual rate of about 10 percent — again mainly due to heavy government borrowing, which doubled as compared with the first half of the previous year. The external sector, therefore, remained under pressure as net foreign assets declined an additional ŁE 66 million. Part of the inflationary pressure was expected to be relieved by the war bond issue of March 1972, as well as by new regulations restricting the extension of commercial bank credits to the private sector and ending the roll-over of short-term loans.

133. Interest rates do not play a significant role in Egypt, either as an instrument of demand management or of allocative policies. Except perhaps in housing, monetary policies generally appear to have only minor influence on the level and composition of private consumption. Investment decisions, being mainly governmental, have been little influenced by factor price considerations. Egyptian interest rates have tended to remain both low and unchanged over long periods of time. They vary at present between 6 to 6-1/2 percent for medium and long-term bank credits to economic enterprises (except for a 5.75 percent rate for cotton financing). The legal lending rate ceiling

is 7 percent. Interest rates on deposits are 2-4 percent for time deposits and 3-1/2 - 4-1/2 percent for regular savings. Other savings instruments, such as the 1972 war bonds and various governmental savings certificates, yield returns in the order of 4-1/2 to 5 percent, and are exempt from income tax.

134. While it may be presumed that even the 7 percent interest ceiling is well below the opportunity cost of capital in Egypt, it does not necessarily follow that higher rates would lead to improved allocation. A precondition of such an improvement will be the undertaking of more important adjustments in the pricing system and in the investment-decision process.

135. Prices in Egypt are extensively controlled by government, both in factor and commodity markets (with few exceptions such as meat, fruit and vegetables, and other agricultural produce). Income distribution goals have been predominant, the main aim of controls being to keep consumer prices low and stable — especially for basic goods. In these circumstances, however, price indices are obviously inadequate indicators of open, actual or suppressed inflationary pressures. Thus, for example, while official indices indicate that both consumer and wholesale prices remained fairly stable in the early 1960's, signs of repressed inflation were evident in the form of consumer goods shortages, black markets, and deterioration in the balance of payments. In recognition of these factors, the authorities raised prices and indirect taxes in the mid-1960's, firstly in order to diminish distortions (i.e. to bring suppressed and actual inflation more in line with open inflation), then as part of the stabilization program of 1966/67-1967/68. Since 1967, prices have increased relatively moderately. The consumer price index has risen by about 3-4 percent annually since then, mainly on account of rising food prices in the free market which have partially been offset by reductions in administered prices.

136. Except for foreign exchange, and to some extent housing, there do not now appear to be extensive black markets in commodity markets. But the recent surge in import demand no doubt reflects some inflationary pressure not measured in the price indices. The tightening of import controls in early 1972 may not be reflected in the indices because of significant reductions in May 1972 in the administered prices of some basic foodstuffs.

137. The Government appears to have become increasingly aware of the adverse effects on incentives and allocation which past price policies have engendered. In late 1971, a Price Board was created to consider the pricing problem in its many dimensions. However, as of May 1972, only a very small staff was studying the structure of agricultural prices. The work of this Board certainly deserves very high priority, for a thorough and comprehensive reform of Egyptian pricing principles and practices appears to be a necessary step towards improving allocation, mobilizing savings, and stimulating a faster rate of economic development.

VII. BALANCE OF PAYMENTS AND EXTERNAL DEBT [1/]

138. The balance of payments situation remains a critical constraint to Egypt's short run development. Export growth (in volume) has been sluggish, while Egypt's ability to borrow on favorable terms has been severely limited by political as well as economic factors. Moreover, of the available foreign exchange receipts, substantial proportions are claimed by debt service obligations and the need to purchase food from abroad. Consequently, there has been insufficient foreign exchange (and particularly convertible exchange) to finance needed imports of raw materials, spare parts, and intermediate and investment goods. Egypt's foreign exchange liabilities now far exceed her foreign exchange assets.

139. The receipt of substantial amounts of assistance from other Arab countries has helped Egypt to maintain a continuing import surplus with Western countries, from whom credit has been very tight. The scarcity of convertible exchange has affected adversely both investment and current output in every sector. For example, agricultural productivity has suffered from the rationing of fertilizers, while even the progress of family planning has been hindered by the lack of funds to purchase contraceptive materials.

140. While a number of Egypt's major investment projects are continuing to be supplied and financed by Russia and other Eastern countries, Egypt also has its balance of payments difficulties with these non-convertible currency countries. There appears to be a substantial export surplus in civilian goods trade with Eastern countries, but nothing is reported concerning either the importation and financing of military debt or the servicing of military debt. In any event, the overall balance of payments outlook is worrisome. There is perhaps some limited room for further restricting consumption imports, but other imports must grow substantially if full capacity and allocative efficiency are to be achieved. Similarly, much greater amounts of investment goods will have to be imported to permit an adequate rate of growth of the civilian economy.

Background: The Structure of Trade

141. The predominant feature of Egypt's balance of payments development in the 1950's and early 1960's was a persistent and rising deficit on current account. These deficits resulted both from the active efforts of Government to raise the level of economic development and from the strains of increased military expenditures during the Yemen war. These deficits rose despite both a rapid growth in exports of invisibles and a significant improvement in terms of trade recorded over the period. Until the late 1950's, Egypt relied almost entirely on its (then) considerable foreign exchange assets to

---

1/ All of the data reported are exclusive of military transactions; this omission applies to imports of military equipment, the financing of military imports, and the military debt and its servicing.

finance its deficits. In the late 1950's and early 1960's, both reserves and foreign borrowing financed the import surplus, but by 1963 Egypt's foreign assets were virtually exhausted. Since then, its external indebtedness has risen rapidly, imposing an increasingly difficult burden on the economy.

142. In the fifteen year period from 1950 to 1965, Egypt's export structure remained highly dependent upon raw material exports--particularly raw cotton exports. However, there was a significant decline over the period in the share of raw cotton exports, from 82 percent to 56 percent; the share of other raw material exports remained at about 11-12 percent. In terms of absolute value, Egypt's cotton exports in the mid-1960's earned no more than they had in 1950, while the volume of cotton exports actually declined absolutely in this period. To some extent, this was attributable to an increased share of domestic cotton devoted to cotton yarn and textile manufacture. Thus, between 1950-65 the share of semi-manufactured and manufactured exports rose from 7 percent to around 30 percent. These exports consisted mainly of cotton goods, but also of bleached and husked rice, dehydrated onions, cement, furniture, shoes and tires. Fuel exports also grew rapidly from a small base in the early 1960's. But commodity exports were neglected on the whole, and their share in GNP fell from about 17 percent in the early 1950's to about 12 percent in the mid-1960's. On the other hand, there was substantial growth in invisible earnings, particularly from tourism and Suez Canal dues.

143. On the import side, a combination of rapidly increasing domestic demand pressures and relatively slowly growing foreign exchange receipts led the Government to impose strict import controls. The aim was both to hold down the aggregate level of imports and to change the import structure in favor of "essential" goods. Thus, imports of capital goods and intermediate goods grew rapidly, while consumer durables were the main target of import restrictions, partly because these were deemed least essential, partly because import-substituting industries were increasingly able to supply the domestic market. Food imports--mainly wheat and wheat flour--fluctuated considerably in accordance with domestic food production, but remained an important component in total imports with a share of around 20 percent. Despite the Government's controls and its emphasis on import substitution, however, the share of commodity imports in GNP in the mid-1960's was about the same (around 20 percent) as in the early 1950's.

144. The overall development of Egypt's balance of payments since the war of June 1967 saw a fall in both imports and exports in 1967/68, with exports rising moderately since then. However, the rise in exports was due mainly to a 20 percent rise in the prices of raw cotton in the period 1966/67-1970/71. Imports, though unchanged in 1968/69, rose faster in the period 1969/70-1970/71 to produce a record trade deficit in the latter year. The services balance, which traditionally had shown a surplus, also deteriorated to a steadily increasing deficit since the 1967 war. While the decline in Suez Canal revenues was, on the whole, more than compensated by Khartoum Agreement aid and by other Arab transfers, the adverse balance on current account nevertheless rose very substantially in 1969/70 and again in 1970/71--reaching £E 95 million in the latter year. The gross capital inflow more than doubled in the period 1968/69-1970/71, but amortization obligations

also rose rapidly in this period. Consequently, the cumulative overall deficit (i.e. loss in reserves) during the past four years was ₤E 113 million. As of June 1971, Egypt's foreign exchange liabilities exceeded her foreign exchange assets by some ₤E 270 million. These developments are summarized in the following table:

Table VII-1

Summary of Balance of Payments
(in millions of ₤E)

	1966/67	1967/68	1968/69	1969/70	1970/71	Annual Rate of Growth (current prices) 1968/69-1970/71 (3 year average)
Exports, goods	264	253	307	348	358	12
Imports, goods	414	387	384	473	531	11
Trade Balance	-150	-134	-77	-125	-173	
Service, receipts	175	59	67	74	74	8
Service, payments	104	80	93	109	114	13
Net Services	71	-21	-26	-35	-40	
Transfers, net /1	31	84	125	139	118	12
Current Account Balance	-48	-71	22	-21	-95	
Medium long-term Capital, net	45	-3	-29	-8	8	
Borrowing	(100)	(56)	(77)	(108)	(152)	39
Amortization	(-55)	(-59)	(-106)	(-116)	(-144)	35
Other capital,net /2	24	24	15	38	27	.
Total Capital Movement	69	21	-14	30	35	
Overall Balance	21	-50	8	9	-60	

/1 Since 1968/69 including Khartoum payments of about ₤E 110 million annually.
/2 Includes allocation of SDR's.

145. The table also reveals some of the major adverse effects of the 1967 war on the balance of payments, namely, the decline in commodity exports (e.g. petroleum), in invisible exports (e.g. tourism and Suez revenues), in imports, and in the net capital inflow. 1/ As may be seen, the trade deficit,

1/ The data in the table above do not include military imports or capital flows related to such imports. As will be described below, however, it seems likely that Egypt's large export surplus with the USSR is not independent of past or present military imports.

the current account deficit, and the overall deficit all widened substantially between 1968/69 and 1970/71. A main cause of this situation was the nearly 40 percent rise in commodity imports in this period, during which period exports rose by only 17 percent from a smaller base.

146. The services and transfers balances should be seen together insofar as the fall in service receipts and the rise in net transfers were in large part offsetting, as the Khartoum Agreement compensated Egypt for the loss of Suez revenues. 1/ Another significant cause of declining service receipts was the falloff in tourism, revenues from which fell from an estimated ₤E 54 million in 1966 to only ₤E 28 million in the years 1968-70. On the payments side, there was a substantial rise in interest payments, from ₤E 19 million in 1966/67 to ₤E 31 million in 1970/71.

147. At the same time as the civilian economy was greatly in need of foreign exchange resources, Egypt's total debt service obligations were claiming increasing amounts of scarce available exchange. 2/ In the face of these competing claims, the authorities at times defaulted on debts to some Western creditors. Among the costs of this action was a worsening of the country's creditworthiness, with the consequence that new capital inflows from the West became more severely limited, while the capital which was made available was extended on quite strict terms. 3/ During the last 12 months, Egypt succeeded in negotiating rescheduling arrangements with the U.S. and Italy. As of late 1972, only the debts to Germany and Japan stood in default. There continued, however, some delays in meeting other debt service obligations. A debt rescheduling with Germany appears likely in the near future, now that diplomatic relations between these countries have been resumed.

1/ After the currency alignment of 1971, the amount payable under the Khartoum Agreement rose to ₤E 118 million annually. Egypt has also received additional transfers from Arab countries on an ad hoc basis, but the exact amounts by sources are not reported.

2/ The Government's instrument for exchange rationing is the Foreign Exchange Budget, administered by the Ministry of Economy and Foreign Trade. While constructed in principle on an annual basis, this budget is in practice quite frequently revised. It appears that the allocation of exchange is dictated more by ad hoc criteria or by emergency situations than by medium-term development criteria.

3/ Not only were lending terms high, but so also were the costs of goods provided. The Government's recent experience with the Sumed pipeline project is a dramatic example of the high cost of Egypt's low credit rating. This project is now priced at about double the actual estimated construction cost (not including risk premiums). A description of the average terms on loans received in recent years follows in para. 177.

Exports

148. The following table shows both the structure of Egyptian exports (currently and of a decade ago) and recent export growth rates of major commodities:

Table VII-2

Exports: Structure and Growth

Fiscal year ending June 30	Annual Growth (%) 1968	1969	1970	1971	4 Yr. Average	Share in Total (%) /1 1959-61	1969-71
Raw cotton	-14	9	34	--	6	69	46
convertible areas /2	(10)	(-7)	(-12)	(12)	--	(n.a.)	(13)
bilateral agreement area /2	(-23)	(-9)	(61)	(-11)	--	(n.a.)	(33)
Cotton yarn	-6	20	-10	1	1	3	11
Cotton textiles	1	20	-10	23	8	3	5
Rice	45	40	-29	-21	4	4	12
Onions	-33	21	-1	-27	-13	2	2
Fuels /3	-54	31	-24	109	-1	3	3
Oranges	103	133	34	17	65	--	2
Cement	111	50	-74	167	22	1	1
Other	9	57	10	11	20	15	18
Total	-5	24	8	3	7	100	100

/1 Average share for each three year period.

/2 Percentages based on volume rather than value; data for destination of raw cotton exports is from Table 3.8 which is based on a marketing rather than fiscal year.

/3 Excluding off-shore transactions. For fuller coverage, see Table 3.10.

149. This table reveals mainly that significant changes occurred recently in the structure of exports (continuing the trend of the 1950's) and that the recent growth of most exports has been highly variable. The modest growth and declining share of raw cotton exports should not necessarily be interpreted as an indication of poor export performance--even though the recent rise in the value of cotton exports was wholly attributable to price rather than volume increases. As was described in Chapter IV, the acreage planted in cotton has been decreasing, while a growing proportion of cotton output has been directed to cotton yarn and textile manufacturing. This was reflected in export growth in those goods, which increased their share in total exports from 6 percent to 16 percent over the past decade. Other agricultural-based manufactured exports also gained in importance, though their individual shares in total exports remain too small to be shown above; these include dehydrated onions, refined sugar, and beverages. In volume terms, processed rice exports

also grew rapidly. While Egyptian exports remain heavily dominated by agricultural and agricultural-based exports, there has also been some gain in diversification into miscellaneous manufactured exports, mostly destined to Eastern European countries. And described in Chapter V, petroleum exports also became important in recent years.

150. In the past couple of years, the growing foreign exchange crisis has apparently stimulated new efforts to promote exports. For example, while long resisting pressures for a general devaluation, the Government introduced an exchange premium of 35 percent for certain agricultural exports to convertible currency areas. This premium was also applied to immigrant remittances, transfers, and tourism. In June 1972, the tourist premium was raised to 50 percent, to approach the black market rate. It is also significant that in the latter half of 1971, the Government chose to keep its exchange rate unchanged with the dollar at £E 1=$2.30. In effect, this represented a general devaluation vis-a-vis other convertible currency countries. Under the 1971 Law for Arab Capital Investments and Free Zones, preference will be given to foreign-financed projects which will help exports or promote tourism. The Free Zone provisions (which provide for exemptions from Egyptian tax, trade and exchange regulations) appear particularly oriented to export promotion. It remains to be seen, however, whether these laws will in fact have much impact.

151. In May 1970, Egypt became a contracting party to GATT, and in April 1972 it concluded a preferential trade agreement with the EEC. The latter provides for tariff reductions by January 1974 ranging from 25-50 percent on Egyptian agricultural exports and from 45-55 percent on industrial products. Under the terms of this agreement, most exports to the EEC will also face reduced quantitative restrictions, including those on petroleum and cotton textiles. Another indication of the Government's new attention to the need for better trade promotion and marketing is its official request for U.N. assistance in formulating a training program in these fields.

Imports

152. An analysis of Egypt's import structure is made difficult by the fact that significant amounts of commodities (up to one-third of the total reported in balance of payments data) are not reported in the customs data; these non-registered imports enter Egypt under a "temporary admission" procedure, and vary in amount and composition from year to year. Consequently, conclusions based on the following table, while probably still useful, should be considered with this shortcoming in mind.

Table VII-3

Imports: Structure and Growth

(Fiscal year ending June 30)	Annual Growth (%) 1968	1969	1970	1971	Av. Annual Growth, 4 yrs. 1968-71	Share of Total Imports (%) 1959/61	1969/71
Consumer goods						26	29
Wheat & wheat flour /1	9	-40	-28	97	2	10	15
Fats and oil	29	-45	51	-61	-19	1	3
Other non-durable consumer goods	-7	-38	36	-2	-7	11 /2	7
Durable consumer goods	-27	31	76	56	27	4 /2	3
of which: (automobiles)	(46)	(8)	(157)	(29)	66	(-)	(1)
Raw materials						10	11
Fuels	-31	-24	82	1	-1	8	7
Other raw materials	10	-25	64	-52		2	4
Intermediate commodities						32	32
Chemicals	41	1	42	5	21	5	5
Fertilizers	32	-1	-30	-8	-5	4	1
Insecticides	-21	-2	-53	162	-1	1	2
Other intermediate goods	-22	-10	34	71	13	22	24
Capital goods						25	22
Transport equipment	-14	3	2	3	5	7	7
Other capital goods	-5	-32	37	21	2	18	15
Unclassified	-32	-30	17	39	-6	7	6
Total /3	-7	-1	23	12	6	100	100

/1 In FY 1969 and 1970 significant amounts of wheat imports (reportedly at least £E 20-25 million in each year) have been imported under the temporary admission procedure and are, therefore, not included in above data.

/2 Includes 50 percent of other non-specified consumer goods; the remaining 50 percent are included under durable consumer goods.

/3 Based on balance of payments rather than customs data.

153. One remarkable fact about the structure of Egyptian imports revealed above is the degree to which the shares of main use categories apparently remained unchanged over the past decade, nothwithstanding significant changes taking place over this period in the composition of output and investment. The principal food imports (wheat, wheat flour, fats and oils) increased their share from 11 percent to 18 percent, while the share of the other consumer goods fell from 15 percent to 10 percent of total imports. This fall reflects both the Government's strict controls on non-essential imports as well as progress made in import substitution in the light manufacturing sector. Egypt's wheat import requirements are currently averaging about ЉE 70 million annually.

154. Given the rate of growth of industrial output, the nearly unchanged shares of raw material and intermediate goods imports seems somewhat surprising. However, there was considerable import substitution in such areas as petroleum and fertilizers, which partly obscures the rising shares of other commodities in these categories. In recent years, moreover, some of these goods (including fertilizers) have been severely rationed on account of overall shortages of foreign exchange. The declining share of capital goods imports over the period is essentially a reflection of the Government's diversion of resources from investment to public consumption--mainly defense. Egypt does not yet have an import substitution capability in the capital goods industry.

155. Since Egypt's import trade is nationalized and controlled administratively, the tariff schedule does not provide a satisfactory indication of the extent of protection afforded to domestic production; it does provide, however, some indication of the incidence of the tariff structure. The following table shows the distribution of customs revenues by major import groups for the period 1968/69-1970/71:

Table VII-4

	Customs Revenues	Imports
	(% share of totals)	
Raw materials	1	11
Intermediate commodities	17	32
Capital goods	11	22
Consumer goods	60	29
of which: (tobacco)	(53)	(2)
Other	11	6
	100	100

156. The level of nominal tariffs averaged about 36 percent over the past five years. Among the most highly taxed goods are luxury consumer items such as automobiles, alcoholic beverages and tobacco. On the other hand, raw materials for industrial production and machine imports have ad valorem rates not exceeding 5 percent and 2 percent, respectively. Such a

tariff structure would ordinarily tend to imply an effective rate of protection well above the nominal rate, and would tend to bias production in favor of consumption goods production. However, given the limited extent to which the price system plays an allocative role in Egypt, it is difficult to perceive the real protective element in this particular tariff structure.

The Direction of Trade

157. Perhaps the most salient changes in Egypt's trade structure in the past two decades have been in geographical distribution. The following table shows the shifting direction in trade since the early 1950's:

Table VII-5

	Exports			Imports		
	1953	1962	1971	1953	1962	1971
	----(% of total)----			----(% of total)----		
Western Europe	49	26	13	44	33	30
Eastern Europe	16	40	60	9	22	32
Far East	18	10	14	5	10	12
Arab Countries	6	13	9	7	5	7
The Americas	7	8	2	31	26	10
Other	4	3	2	4	4	9

As may be seen, the main shift has been from Western countries towards the Eastern bloc. Whereas in the early 1950's about 56 percent of Egypt's exports were sold to Western Europe and the Americas, this share declined continuously to 34 percent in 1962 and only 15 percent in 1971. Meanwhile, the Eastern bloc share of exports rose in these years from 16 to 40 to 60 percent, respectively. Whereas Egypt's import sources remained more geographically diversified, a similar trend in shares is discernible here, too. Despite Egypt's Pan-Arab policies and its leadership in the Arab Common Market, the share of trade with other Arab countries remains under 10 percent of total trade.

158. The changing regional trade pattern described above clearly reflects the operation of political as well as economic forces, with a major turning point coming after the 1956 war and its aftermath, notably the Russian agreement to finance the Aswan Dam. On the import side, the shift was closely related to capital availabilities from Eastern countries, and the possibility of purchasing strategic goods not available from the West. On the export side, Egypt found a large potential market in the East, especially for cotton and cotton goods which were proving difficult to sell in other markets. But the concommitant of this shifting trade pattern was growing bilateralism.

159. In contrast to what appears to be a growing trade surplus with Eastern countries in recent years, Egypt showed persistent trade deficits with its principal Western trading partners. The main change in this trade was a decline in Egyptian imports from the U.S. In 1965-66, these had

averaged nearly £E 90 million (largely in surplus wheat), while in 1969-70 they averaged only £E 20 million. The trade credit situation is not clear, but it appears that the capital inflows from the West (including short-term capital and reserve changes) were not sufficient to cover these deficits. A possible explanation of this discrepancy is that some foreign exchange from Arab sources may have been used for this purpose. 1/

Capital Flows

160. Following the 1967 war, Egypt's balance on capital account deteriorated from a net inflow of £E 69 million in 1966/67 to a net outflow of £E 14 million in 1968/69, then partially recovered to net inflows of £E 19 million and £E 26 million in 1969/70 and 1970/71, respectively. The gross inflow of medium- and long-term capital fell by nearly 50 percent following the 1967 war, then rose gradually in each of the succeeding four years, reaching about £E 150 million in 1970/71. However, amortization payments rose in every year (from £E 55 million in 1966/67 to £E 144 in 1970/71), with the consequence that, on the average, Egypt experienced a net outflow of £E 8 million in medium- and long-term capital over the four-year period 1967/68 - 1970/71.

161. According to incomplete data from the balance of payments, the financing role of the USSR in particular appears to have changed significantly after the 1967 war. In both 1965 and 1966 the Government received from the Soviet Union about £E 38 million in loans (disbursed) and repaid about £E 10 million -- a net inflow averaging £E 28 million in these years. In 1969-70, however, reported disbursements from Russian credits fell to an average of about £E 25 million, while repayments rose to £E 30 million -- or a net outflow averaging £E 5 million. EEC countries also accounted for net repayments averaging about £E 5 million in 1969-70. In this period, the USSR provided nearly 40 percent of the Government's gross borrowings and accounted for nearly half of loan repayments. The equivalent proportions reported for EEC countries were 12 percent and 21 percent, respectively.

162. Unfortunately, it was not possible to analyze adequately the item identified as "other capital, net" in Table VII-1 above. The volume of this item averaged about £E 22 million annually in recent years, (excluding SDR allocations), but breakdowns concerning sources and terms were not available to the mission. Evidently, this item includes miscellaneous trade credits and short-term credits, though the data for 1970/71 are known to include a £E 24 million foreign deposit in the Egyptian Central Bank. It is presumed that other inflows of public capital from Arab sources are also included under this item.

1/ Greater detail on the direction of trade and capital inflows is provided in Tables 3.3, 3.7-3.11, and 3.13.

163. Foreign private investment has been negligible in recent years. The Law for Arab Capital Investments (noted above) was aimed at attracting mainly Arab, but also Western venture capital. This law provides incentives such as tax exemptions and liberal terms for profit and capital repatriation. Simultaneous with the passage of this Law was the creation of a new Egyptian International Bank, the main function of which is to attract potential Arab and Western investors to take advantage of the new investment and Free Zone laws. Now known as the Arab International Bank for Trade and Development, it is capitalized at ₤E 30 million, of which ₤E 10 million each will be held by Libya and Egypt, the rest by other Arab investors. This bank is also a partner in the newly founded Arab-European Bank, a joint venture of Arab and European banks based on a holding company seated in Luxembourg. It remains to be seen, of course, whether these new financial entities can have much success in channelling new investment to Egypt in the face of a tense political situation. Another potential source of capital inflows from the Arab states will be the Arab Fund for Economic and Social Development.

164. The overall prospects for increased capital inflows will be discussed in the following chapter, but it may be noted here that those prospects have been enhanced somewhat by certain other recent actions of the Egyptian Government, such as the conclusion of rescheduling agreements with the U.S. and Italy, and the resumption of diplomatic relations with Germany. Modest aid agreements were also concluded in 1971 with the U.K., Italy and Denmark, and closer relations were established with the World Bank Group, which in 1970 extended a $26 million IDA credit for drainage and in 1971 approved a $30 million credit for railway rehabilitation. However the pace of draw-down, particularly on the IDA credits, has been slow. A rapid use of these and potential other future World Bank Group credits which may be extended in fields such as family planning, industrial and agricultural development, and perhaps tourism and other sectors could be of great benefit to the economy.

165. According to Egypt's external debt reports (which are considered to be less reliable than balance of payments data), Egypt's undisbursed medium- and long-term credits from the USSR totalling nearly ₤E 100 million at end 1971 -- not including almost another ₤E 50 million comprising the uncommitted portion of existing frame agreements. 1/ Other major undisbursed commitments at end 1971 included about ₤E 16 million from Hungary, and -- in the form of uncommitted parts of frame agreements -- ₤E 33 million from China, ₤E 35 million from Czechoslovakia, and ₤E 17 million from East Germany. Altogether, Egypt's credit "pipeline" at end 1971 amounted to roughly ₤E 300 million, of which 90 percent was from Eastern countries.

1/ These data must be regarded with some reservation, as indicated above in para. 26.

166. Egypt's foreign reserve position, having declined by £E 50 million in 1967/68, remained more or less unchanged in 1968/69 and 1969/70, but weakened considerably again in 1970/71, reaching a net debit position of £E 270 million. The overall balance of payments deficit of £E 60 million in 1970/71 was financed largely by short-term credits (£E 45 million) and an increase in liabilities under bilateral payment agreements (£E 26 million). The reliance on short-term financing in convertible currencies (from foreign commercial banks) has persisted for several years; as of June 1971, the amount of such credits outstanding was over £E 100 million. At the end of 1971, the gross reserve position (including payments agreement assets) amounted to £E 142 million, while the net reserve position was negative to the extent of 6 months' import equivalent.

167. Egypt has made frequent use of I.M.F. resources. During the last four years, its drawings on the fund totalled SDR 113 million ($123 million) 1/ while repayments amount to SDR 117 million, resulting in a small net outflow of resources. In this period there were SDR 23 million in drawings and SDR 16 million in repayments under the Compensatory Financing Arrangements. Egypt's quota in the IMF as of April 1972 was equivalent to SDR 188 million. Outstanding purchases as of this date amounted to SDR 86 million, and Fund holdings of Egyptian pounds were equivalent to 127 percent of the quota (or 115 percent if compensatory financing transactions are excluded). Egypt has received three allocations of Special Drawing Rights totalling SDR 65 million, of which SDR 43 million have been used. Thus, on April 30, 1972, SDR holdings amounted to SDR 22 million, or 34 percent of net cumulative allocations.

External Debt

168. Egypt's total outstanding non-military foreign debt on December 31, 1971 was reported at US$1.3 billion (disbursed) or $1.8 billion including undisbursed credits — equivalent to about one-fourth of GNP. An additional $315 million consisted of the uncommitted parts of frame agreements. The USSR is Egypt's principal creditor, with a debt outstanding and disbursed of $380 million — 28 percent of the total. 2/ Other major creditor countries are the U.S., with a debt outstanding of $205 million (15 percent of the total); Kuwait $130 million (9 percent); Italy $122 million (10 percent); and Germany $106 million (8 percent). Foreign governments hold 87 percent of Egypt's reported debt, suppliers and private institutions 12 percent, and one percent is held by the World Bank Group.

1/ One SDR is equivalent to US$1.0857.

2/ According to debt reports submitted to the IBRD, Egypt's non-military debt to Russia declined by more than $100 million since the end of 1967. According to these data, gross inflows of capital from the Soviet Union were negligible over the past five years. However, such a development is not supported either by the balance of payments or the observable progress of Soviet-financed projects. Hence, there remains considerable imprecision concerning the comprehensive nature of the figures above.

169. As described earlier, Egypt's growing debt service burden has been a major factor in the balance of payments situation. According to Central Bank data, debt service payments increased by £E 100 million between 1967/68 and 1970/71, with the consequence that the debt service ratio (defined here as debt service as a percentage of exports of goods and services plus transfer receipts) rose in this period from 16 percent to 32 percent. If transfers were excluded from the denominator, the ratio for 1970/71 would be 41 percent. The following table shows the evolution of Egypt's debt service (as reported in the balance of payments) since 1966/67, and the debt service ratios both including and excluding transfers: 1/

Table VII-6

Debt Service

	1966/67	1967/68	1968/69	1969/70	1970/71
			(In millions of £E)		
A. Debt service	74	75	126	145	175
B. Exports, goods and service	439	312	375	422	432
C. Exports, goods and services plus transfers	470	396	500	561	551
Debt service ratios			(In percent)		
A + B	17	24	34	34	41
A + C	16	19	25	26	32

170. While Egypt's reported debt is held in about equal shares by Eastern and Western creditors, the harder average terms on the Western debt result in an estimated two-thirds of reported debt service being paid to Western creditors. It should also be noted that these data refer to payments actually made, which was less than the amounts owed. According to debt reports submitted to the IBRD, Egypt's debt in arrears at end 1971 consisted of about £E 6 million in interest owed and about £E 28 million in principal owed. These arrears were mainly to the Federal Republic of Germany, Italy and Japan. A debt rescheduling has meanwhile been arranged with Italy. The details are shown in Table 4.1. In any event, it may be seen that the debt service burden has been very heavy by any measure, and would have been even heavier had not Egypt defaulted on some of its debts in this period.

1/ Debt reports submitted to the IBRD indicate a debt service burden on medium and long-term capital rising only from £E 72 million in 1967 to £E 111 million in 1971, which would imply a debt service ratio of only 20 percent in 1970/71 (including transfers). The balance of payments data are evidently much more comprehensive. Insofar as these data may include some interest (but not principal) paid on short-term debt, the figures in the table above may be slightly overstated as a representation of debt service on medium and long-term debt. However, neither this factor nor differences in reporting periods or principles are sufficient to explain the significant discrepancies remaining between the two sources of data.

171. One reason for the growing debt burden in recent years has been the hardening of terms on loans contracted. In the years 1969-71 compared with 1967-68, average interest rates rose while average maturity periods decreased. As a result, the grant element (based on a 10 percent discount rate) declined from an average of 29 percent in 1967-68 to 13 percent in 1969 and 17 percent in 1971. The grant element for 1970 would have been similarly low except for an I.D.A. credit which raised the average grant element for that year to 26 percent. In 1971, average terms on supplier credits received were: interest 7 percent, maturity 6 years, grace period 1-1/2 years. Loans received from Governments in 1971 (including rescheduling arrangements) carried an average interest rate of 6 percent, a maturity of 8 years, and a grace period of 3-1/2 years. The shortening in average maturities between 1967 and 1971 had the effect of increasing the proportions of Egypt's debt due to be repaid within two years from 18 percent to 36 percent, within three years from 32 percent to 51 percent, within 4 years from 46 percent to 63 percent, and within five years from 63 percent to 74 percent. 1/ The pressure which these near-term repayment obligations will place on the balance of payments in coming years will be considered in the following chapter.

1/ Calculated as the sum of principal payments owed as percentage of disbursed debt at end 1971. The figures are slightly overstated to the extent that some disbursements from the existing pipeline will be included in the repayments.

VIII. PROSPECTS AND POLICY ISSUES

172. The Egyptian economy has many strengths, advantages and opportunities. It also has a number of serious problems -- the conflict with Israel being the dominant cloud on the country's development horizon. Thus far, this report has dwelt largely on the economy's problems. It may now be opportune to summarize its actual and potential strengths.

173. In comparison with many less developed countries, Egypt is relatively favored in terms of: its geographical, natural, and human resources; the size of its domestic market; the extent of its existing infrastructural development; its technical and managerial experience in agriculture, industry, and other sectors; and its importance to major developed countries and to other Arab countries. Egypt may also prove to be one of the few countries which can benefit simultaneously from both the "Green Revolution" and the "Petroleum Revolution" (i.e. the dramatic rise in Arab petroleum earnings consequent upon the Teheran and Tripoli Agreements).

174. Among Egypt's natural resources is an agricultural sector which offers yet unexploited comparative advantages in soil, climatic conditions, (including seasonal factors) and water control that should enable it to become a major supplier of fruits and early vegetables to the European market. There are also great potentialities in existing technologies to improve domestic yields of rice, wheat, and maize, and to develop local livestock production. And when filled in the late 1970's, Lake Nasser promises considerable opportunities for fisheries development.

175. Natural resources offering new prospects for industrial development include deposits of oil, natural gas, limestone, phosphate rock, and some other mineral deposits. The agricultural sector has provided the base for Egypt's well-developed traditional industries -- textiles and food industries -- while the mineral resources offer good growth prospects in industries such as oil extraction, petrochemicals, cement and building materials, phosphate rock mining and beneficiation, and fertilizers. To look on the bright side of the now uneconomic Helwan development, moreover, considerable fixed costs have already been incurred; thus, insofar as marginal production cost can be made reasonable, opportunities will be provided to the metal fabrication and engineering industries as well. The completion of the Aswan Dam and its hydroelectrical installations has also created new opportunities for power-using industries (perhaps including aluminum), and will permit the development of rural electrification -- a step which will create new production (and consumption) opportunities in the countryside.

176. Egypt has unique assets for tourism and transport development. The winter climate and beaches, historical sites and modern cities, together with its geographical location, give Egypt a vast potential for attracting tourists from Western, Arab and Eastern countries. Concerning transport, Egypt's strategic location astride the Mediterranean and Red Seas has long made the Suez Canal a major asset, and the Sumed pipeline may shortly become

a significant source of foreign exchange earnings. The rapid growth of world trade may also offer possibilities for enlargening Egypt's canal and pipeline facilities. There are also significant unexploited opportunities for inland waterway development.

177. More important than these natural and geographical resources are Egypt's human resources. Particularly for a country at its low level of per capita income, Egypt has a remarkably large supply of engineers, agriculturalists, and other academically trained people needed for economic and social development. Although large numbers of entrepreneurs and highly trained manpower have emigrated, there remain large numbers of competent administrators, managers, teachers and other high-level manpower. Despite their low per-capita income, moreover, the population of about 35 million people, with a GNP of some US$7 billion, constitute a large domestic market, with considerable opportunity to further develop import-substitution industries. The degree of specialization is not as limited by the extent of the market as in many other less developed countries.

178. Egypt also has a particular advantage vis-a-vis other Arab markets, by virtue of its common language, culture, and other ties with those countries, and the advanced development of its industry and manpower relative to them. With the 1970's promising to bring unprecedented oil revenues to many Arab countries, Egypt has a new opportunity to develop exports to those markets and to attract new Arab investment into Egypt. Similarly, Egypt might also offer a staging ground from which foreign investors could seek to expand their trade with the entire Arab world. From the standpoint of locational economics, Egypt's strategic position at the juncture of three continents should also confer certain comparative advantages which remain to be recognized and exploited. Finally, Egypt's importance in world politics may also confer upon it not only a vulnerability vis-a-vis the large powers, but also a possibility to exploit this importance to economic as well as political advantage. Conditions might be envisaged in which this position could lead to a greater flow of foreign aid than otherwise might be the case.

179. No enumeration of Egypt's economic strengths should omit certain institutional factors. But here the question of distinguishing strengths from weaknesses is subject to a high degree of value-judgment -- the criteria of efficiency and equity being only two measures. Earlier parts of this report have pointed to various shortcomings in the framework of decision-making: the burgeoning of the bureaucracy, the reliance on centralized and discretionary administrative decisions, etc. The report has also pointed to the economic costs of the Government's educational policies, and to the need to further restrain private consumption, if economic growth objectives are to be achieved. However, these policies should also be viewed in the context of the country's overall objectives, as broadly enunciated in the Charter of 1962. Relative to other countries at a similar level of economic development, Egypt appears to give high priority to income distribution and other social objectives. As noted earlier, Egypt's health, education and social insurance services are extensive, its basic commodities are subsidized, and its wage and price controls are generally designed to

assist lower income groups. The emphasis given to these social needs has -- like the heavy military expenditures -- tended to depress savings and investment rates, but with very different effects on welfare and on long-run economic progress.

180. Turning to Egypt's growth prospects in the coming years, it is evident that growth is likely to be severely constrained both by inadequate domestic savings and by the scarcity of foreign exchange. Savings and investment rates are both quite depressed, and unless both can be raised substantially, it is hard to see how per capita living standards can be raised much in the years ahead. But raising domestic savings depends crucially on the rate of military expenditure, and this depends mainly on the state of hostilities with Israel. The conflict has led to extensive aid from soviet and Arab sources, but only to a limited extent in support of economic development. Thus, the Israel conflict is also affecting adversely Egypt's foreign exchange position. On the current side, it is inhibiting the volume of trade, distorting its composition, and biasing its direction, while the effects on the Suez Canal and on tourism earnings are clearly evident. On the capital side, the political and military uncertainties have discouraged potential foreign investors and creditors, or led them to harden lending or investment terms on whatever capital has been made available.

181. Egypt appears in danger, therefore, of becoming caught in two (inter-related) vicious circles. On the domestic side, low savings are constraining investment, thereby limiting the pace of growth, which in turn permits only low savings, etc. On the external side, the history of debt defaults, continuing difficulties in Egypt's external position and other factors are limiting the sorely-needed net capital inflow, thereby constraining investment and growth (including export growth) and limiting the generation of debt-servicing capacity -- including the capacity to repatriate private capital and profits. This process has led to a further deterioration in creditworthiness, compounding the difficulty another degree. The problem for Egypt is to break from these vicious circles, and to transform the process into one in which growth, domestic savings, foreign capital and creditworthiness become mutually reinforcing in a positive sense. Unlike many other countries, Egypt does not have a serious problem of absorptive capacity. Indeed, the investment opportunities are very great. The key problems are essentially those of resource allocation and economic management.

182. The defense burden presumably must be taken as a political parameter by economic decision-makers -- though both the concept of opportunity costs and the tools of cost/benefit analysis are obviously relevant in assessing defense vis-a-vis other areas of expenditure. The role of economic analysis in this field is simply to investigate the economic implications of alternative courses of action. In the 1971 IBRD economic report, for example, a projection exercise postulated the implications of alternative public and private consumption growth rates for capital inflow requirements -- given assumed growth rates for GDP, investment, and exports, and assumed terms on new capital inflows. The basic conclusions of that analysis still stand: One of the conclusions was that a continuation of the present low savings rate should be expected to lead to economic

stagnation and declining per capita incomes. Another conclusion was that to sustain even a modest GDP growth rate (4-5 percent annually through the mid-1970's) -- even assuming a rate of capital inflow substantially 50 percent above that received in recent years -- Egypt would have to make a very strong savings effort, implying marginal savings rates well over 30 percent. Those illustrations highlighted the nature of macroeconomic allocative decisions which the Government would have to make to put the economy onto a dynamic path of development.

The 1973-77 Draft Plan

183. Like the First Plan, the 1973-77 draft Plan aims to double Egypt's GNP in a decade, implying a compound annual growth rate of about 7 percent. Since the overall capital output ratio is assumed to be about 2.7-2.9, the required average investment ratio will be about 20 percent of GNP -- much higher than the ratio of recent years. The required investment for the period 1973-77 is estimated at about £E3 billion (in constant prices) distributed among the sectors approximately as follows:

Table VIII-1

	£E (Millions)	Share of Total %
Industry	970	32
Transport/Communications	690	23
Agriculture/Irrigation	390	13
Housing	320	11
Public Utilities (incl. electricity)	360	12
Social Services	210	7
Other	60	2
	3,000	100

184. As may be seen, this Plan stresses industry, somewhat in contrast to the investment pattern of the 1960's which emphasized the High Dam and other agricultural projects. In principle, the need for quick-yielding projects is recognized, but the Plan's largest investments are scheduled for heavy, capital-intensive, long-gestation projects such as steel and aluminum plants. Along with industry, the petroleum sector (including petrochemicals) is to receive high priority. The high share of transport is explained largely in terms of a large pipeline project and a proposed expansion of Egypt's maritime fleet. Drainage projects are expected to account for a substantial share of agricultural investment. A major rural electrification program and improvements in telecommunications are also in prospect. Investments in tourist facilities, however, are planned to be only 1-2 percent of total investment. Altogether, the import component of the investments described above is estimated at about £E 750 million -- about 25 percent of the total. The sources of financing of the Plan have not yet been fully determined, but the share of net foreign financing (not

including inflows classified as transfers) is not expected to exceed 10 percent of investments. However, the Plan is also apparently premised on a projected growth of public consumption of only 6 percent annually -- less than half the rate of recent years. Such restraint in public consumption would seem to imply a considerable check on military expenditure, but whether this can be achieved remains an open question.

185. The development strategy and investment criteria implicit in this Plan do not appear to have changed much from earlier periods, except for the shifts in sectoral priorities noted above. As noted in Chapter IV, there is also a shift in priorities away from reclamation and other "horizontal" expansion projects in favor of integrated productivity-raising projects. Like its predecessor, this Plan is characterized by a lack of generalized investment criteria, and there is virtually no cost/benefit analysis in the choice of projects. In principle, some weight has been given to the immediate need to earn foreign exchange and to broaden employment opportunities, but it is not evident how those criteria have affected the sectoral or project priorities of the Plan. Shadow prices are not used in project evaluation. A number of the major industrial projects will eventually have a favorable impact on the balance of payments, but not in the short-run. Egypt's traditional self-sufficiency import-substitution criteria are most evident in the largest single project -- the expansion of the Helwan iron and steel works.

186. There is clearly a need for better communication and coordination among the Ministries concerned with Egyptian planning, both at the sectoral and macroeconomic levels. And greater attention also needs to be given to locational factors. Consideration has reportedly been given to the need to disperse industry and to decentralize decision-making, but this is not clearly evident in the Plan. Except at Aswan, there is no regional planning, and urban planning is taking place without clearly defined assumptions concerning either locational policy, or more broadly, a framework for projecting rural vis-a-vis urban development. In general, the urban problem and employment problem do not seem to have affected the Plan's priorities very much. However, the growing congestion in Cairo is of growing concern, and the improvement of Cairo's mass transit has a high priority for the Government. Consultants are already undertaking final design of a subway system, but there appear to be many alternative projects which would warrant a prior claim on the scarce resources available for investment.

Feasibility of the Plan Objectives

187. Projection exercises undertaken by the 1972 economic mission indicate that if the Government is to have any realistic prospect for reaching the growth targets of its 1973-77 draft Plan, then it will need to severely restrain both public and private consumption and make a major effort to obtain more foreign capital on softer terms.

188. In contrast to "requirements" analysis undertaken in the previous economic report, projections made for this report were based on an "availabilities" model. In this model, the independent variables were: the major components of exports of goods and services; current transfers; and net

capital transfers. Assumptions were also made respecting the terms on new capital inflows. Assuming that reserve changes and SDR allocations were offsetting, the sum of the above variables determined maximum possible imports. Then, via several functions relating imports to components of output, the feasible growth rates of five chosen sectors were determined. Both the import and investment functions of the model were based on regression analyses of past relationships. A range of plausible values was also selected for the basic parameters (ICOR's; export growth rates; size, composition and terms of new capital inflows) for purposes of sensitivity analysis. A fuller description of the model and its assumptions (including specific forecasts of exports) is provided in the Appendix to this chapter.

189. Among the advantages of this "availabilities approach" is the flexibility it gives to the specification of alternative gross and net capital inflows, and to the analysis of the implications of these flows both for domestic growth prospects and for the evolution of the debt burden. The following table provides illustrations of two possible growth paths for the mid-1970's -- one relatively pessimistic, the other relatively optimistic. Projection "A" is based on the assumption that Egypt's gross capital inflow (not including transfers) in the coming years will be totally absorbed by debt servicing obligations. In other words, this projection assumes a "zero net resource transfer", with the resource gap limited approximately to the size of transfers received from other Arab countries. Projections "B", on the other hand, presumes that the net resource transfer will increase sufficiently to permit much faster growth.

Table VIII-2

Medium-Term Projections
(values in £E millions)

	FY 1971	Projection A: 1978 Level	Projection A: Annual Growth Rate (%)	Projection B: 1978 Level	Projection B: Annual Growth Rate (%)
National Accounts (1971 Prices)					
GNP	3031	3879	3-1/2	4476	5-1/2
Consumption	2870	3552	3	3853	4
Investment	378	469	3	881	12-1/2
Savings /1	279	447	7	744	14
Exports, gnfs	442	659	5-1/2	832	9
Imports, gnfs	600	762	3-1/2	1038	8
Resource Gap	158	103	.	206	.
Medium and Long-Term Capital Flows (Current Prices)					
Net Resource Transfer /2	-23	-	.	102	.
Net Capital Inflow	8	44	.	170	.
Gross Capital Inflow	152	260	8	453	16
Debt Service	175	260	5-1/2	351	10
Debt Service Ratio	32%	28%	.	31%	.

/1 Defined as GNP less consumption plus transfers.
/2 Defined as gross borrowings less total debt service.

190. In Projection "A", it is assumed that Egypt will continue to confront the same problems and constraints as in the past five years: high defense spending, negligible foreign investment, a scarcity of official external capital, hard terms on private capital, only moderate tourism growth, and a heavy debt servicing burden. In this scenario, the prospect is for continued low investment (at about 12 percent of GDP) and near-stagnation in per capita incomes. In projection "B", the capital availabilities are assumed sufficient to enable Egypt to achieve the draft Plan's £E 3 billion investment target for the period 1973-77. According to this projection, investment would reach nearly 20 percent of GDP by the late 1970's, by which time the GDP growth rate would rise to about 6-1/2 percent

annually.1/ As may be seen from the table above, this would require a rapid rise both in national savings (the marginal propensity to save in Projection "B" is .32) and in net resource transfers. And these in turn would appear to require a substantial movement towards peace in the region and/or a dramatic increase in petroleum revenues. In the event of a Middle Eastern political settlement, not only would the national savings benefit by an easing of the defense burden, but the foreign exchange situation would also stand to improve as Western, Japanese and Arab capital would be expected to flow in greater quantities, tourism would rise, and there would be a greater propensity on the part of the Western world to provide assistance -- including possibly through a long-term rescheduling of Egypt's debt.

191. The impending burden of debt service is suggested by the figures in both projections above. Projection "A" shows that even if Egypt imports only enough capital to service its existing debt, its debt service may still increase significantly in the coming years. Or to state the problem another way, in order to maintain a net capital inflow sufficient only to cover current interest payments on the debt, the gross capital inflow would have to rise to as much as £E 260 million by 1978. These projections assume that the terms on net inflows will be approximately the same as the terms available in recent years. Transfers are assumed in both projections to continue at about £E 120 million annually. However, with foreign capital (other than transfers) making no contribution to financing imports, and with domestic savings at such a low level, it is not likely that sufficient investment could be undertaken in export-oriented industry and in agriculture to permit much growth in exports. But even with an export growth rate of 5-1/2 percent annually, the debt service ratio (including transfers) would remain very high into the mid-1970's.

192. Projection "B" shows a similar evolution of the debt service ratio, but with a much higher debt service (owing to the larger borrowing in this case) and a much larger growth in exports (owing to the greater investment which the larger capital availabilities would permit). It should be noted, however, that the gross and net capital inflows corresponding to Projection B are probably unrealistically high. The reason is that the terms on the new capital inflows have been assumed to remain quite hard (grant element of about 24 percent), while no new reschedulings have been assumed to take place over the period. But in this "peace - petroleum scenario", it is not unlikely that a net resource transfer in the order of £E 100 million could be sustained with a much lower gross capital inflow, and with a correspondingly lower debt service burden. 2/

1/ Both projections assume an aggregate incremental capital/output ratio of 2.9 over the period. Although in this model exports are treated on an exogenous variable (see the Annex to this Chapter), the relationship between investment and exports has been accounted for outside the model.

2/ A further consideration applicable to both projections is that, owing to the shorter average maturities and higher interest rates on credits from Western Countries, the debt service ratio applicable to convertible currency countries (i.e. the debt service payable to the West as a percentage of export earnings from the West) will be higher than the average debt service ratios shown in the table above.

193. What both of these projections highlight is the need for Egypt to make a major effort not only to mobilize savings domestically, but also to seek to improve the conditions on capital inflows. The projections may also suggest to creditors the utility of any relief which would be afforded in the scheduling of existing debt. But the magnitude of the debt problem, the scope of capital needs, and the extent of investment opportunities all point to the possible value of broadening the approach to the mobilization of private and public external capital, especially from the oil-rich Arab countries. The recent broadening of the base of the Arab International Bank is a hopeful sign, but there are many other possibilities.

194. Egypt's growth prospects obviously will depend not only on the amounts of resources mobilized, but also on the efficiency with which they are allocated. Because of Egypt's balance of payments difficulties, it would appear that short-run priorities should emphasize programs or projects having both a short gestation period and an immediate export earning or import-saving impact. And in keeping with long run needs, the criteria of employment creation and location should also be given considerable weight. Consequently, high priority appears to be warranted for agricultural and touristic development, and for industrial development in such lines as petroleum, textiles, food and leather industries, fertilizers, and light, export-oriented industries. The present investment program, as described previously, is still somewhat biased in favor of heavy industry and infrastructure projects characterized by long gestation periods and low employment content.

195. Egyptian planning still appears to be carried out in a piecemeal fashion, with many investments decided upon in accordance with administrative preferences rather than on the basis of comparative advantage and the maximization of economic returns. Recent moves by the Government to study the price structure, to liberalize some controls and to decentralize some decisions and activities all appear to represent steps in the direction of greater economic efficiency. But progress in these areas has to be accelerated if substantial gains are to be realized.

196. In sum, it may be concluded that Egypt's natural, geographic, human and infrastructural resources are such as to create many growth opportunities, and if these are exploited in accordance with appropriate economic criteria and with improved economic management, then Egypt's overall development prospects could be excellent. There remain, however, the very difficult political and economic problems which, unless overcome, may preclude the possibility of Egypt's realizing its long-run potentialities.

APPENDIX TO CHAPTER VIII

The Projection Model and its Assumptions

Statistical Problems

197. Like many other countries, Egypt lacks a consistent set of statistics necessary for economic analysis and informed decision making. In some cases, the problem stems from statistical series on the same subject which cannot easily be reconciled with each other. Other problems arise from incomplete series or from long delays in producing data which are more valuable if available quickly. As the report has pointed out in many places, there are major statistical problems in Egypt's national accounts, public finances, foreign trade, balance of payments and external debt data.

198. Adjustments were made by the mission in the national accounts where official series were obviously discontinuous. Since a long-term series for expenditure in GNP in constant prices was not available on a consistent basis, this series was constructed by the mission, by applying deflators from various sources. The methods are described in the "Notes to Tables 2.1-2.7" in the Statistical Annex.

199. There are four series pertaining to the balance of payments: customs data, Central Bank data, external sector series in the national accounts, and the Foreign Exchange Budget prepared by the Ministry of Economy and Foreign Trade. These proved difficult to reconcile with each other. Moreover, data on capital flows (in particular from Eastern countries) showed wide discrepancies between balance of payments and debt sources. One third of the total imports reported in the balance of payments are not described by commodity breakdown, which is, however, known to vary from year to year.

In evaluating the mission's projections, these data limitations should be taken into account.

The Models

200. The model used for the projections is an "availability model". In this model, exports of goods and non-factor services, factor services, transfers and net capital transfers 1/ are given as independent variables; reserve changes are assumed to be limited to SDR allocations. The sum of these variables is the net available foreign exchange, which determines maximum possible imports (M*). Given the terms of old and new debt, the

---

1/ Net capital transfers are defined as gross capital receipts less total debt service payments. In other words, net capital transfers are equal to net capital inflows less interest payments.

model calculates -- via the debt routine -- the gross capital inflow necessary to achieve the assumed net yearly capital inflow. Or alternatively, gross capital inflows (rather than net capital transfers) could be defined as a predetermined variable. Merchandise imports are divided among consumer goods, intermediate goods, capital goods, non-factor services, and other imports. Each category is related to a relevant national income component. Thus, imports of consumer goods are related to consumption; imports of intermediate goods to GDP; imports of fuel to value added in manufacturing; imports of capital goods to gross domestic investment; and other imports to GDP. Imports of non-factor services are calculated as a function of merchandise imports. Gross fixed investments -- allocated among five sectors of the economy -- determine (via sectoral incremental capital output ratios) the sectoral growth rates and hence, total GDP growth.

201. The five sectors comprising the economy are: agriculture, manufacturing, electricity and construction, distribution, and services. From output and investment data for the period 1960-70, sectoral capital output ratios were calculated by regression analysis, applying a one year lag. However, the High Dam investments were excluded, because of the long lag involved between the investment and the full output consequences. Import functions were also calculated on the basis of historical data, also by regression. Imports under the temporary admission procedure were assumed to remain at about one-third of total imports.

202. Starting with targeted initial sectoral growth rates, the investment requirements of each sector were determined by the ICOR's. Then, via the import function for capital goods, the required capital goods imports were calculated. Imports of intermediate goods, fuel, consumer goods and other imports were derived from the sectoral and/or total GDP growth rates. Adding these up, the model calculated a first estimate of total required imports, "MR". When MR exceeded M*, the growth rates of output were increased accordingly; conversely, if M* exceeded MR, the growth rates were increased. Through an iterative process, the model selected that GDP growth rate equating M* and MR (ignoring 1% error). GDP changes, of course, also change investment requirements which in turn change savings and consumption. And these affect the various categories of imports. The simultaneous determination problem is solved by iterations, which carry on until the feasible GDP growth rate is achieved -- given the assumed foreign exchange availability constraint.

Balance of Payments Projections [1/]

Commodity Exports

203. Crude petroleum - These projections were based on three alternative assumptions. In all cases, production was projected to drop somewhat during 1972 and 1973 from its 1971 level of 16.4 million tons (because of pressure problems in the Morgan fields). In the pessimistic case, the pressure decline was projected to continue or even spread to other fields, and newly discovered fields were assumed to be not very productive. In this case, output was projected to drop continuously to 12 million tons in 1974, then to resume a gradual upward trend, but not to reach the 1971 level until 1980 or 20 million tons until 1987. Both the medium and optimistic assumptions assumed solution of the pressure problem by end-1973. The medium case projected production to drop to 15 million tons in 1972 and 1973, then to rise to 44 million tons in 1980 and to 58 million tons in 1987. The optimistic case assumed production of 15 million tons in 1972 and 1973, 54 million tons in 1980, and 70 million tons in 1987. The optimistic variation was based on the expectation that new fields would prove to be prolific and productive. However, if a very major oil strike (say of Libyan dimensions) should eventuate, even the optimistic assumption would be on the low side.

204. The three alternatives imply average annual growth rates of production between 1972 and 1987 of 2.4 percent, 9.4 percent, and 10.8 percent, respectively. In view of the petroleum processing industry's investment plans, domestic consumption is expected to increase by 5 percent per year over the 15 year period. However, the share of domestically produced crude oil in total consumption is likely to increase from about 50 percent at the present time to 60 percent in 1976 -- when the new refineries will become operative. It has also been assumed that the Egyptian share in oil production will increase (from around 60 percent to 65 percent in the early 1980's, and to 70 percent beginning in 1985). Based on these assumptions, export earnings from crude oil (in constant 1972 post-Teheran agreement prices) would maintain the 1972 level in the pessimistic case, increase in the period 1977-87 by 11 percent per year in the medium case, and rise by 13 percent annually in the optimistic case. Assuming an annual 3 percent price increase, the growth rates of foreign exchange earnings from oil would rise to 3 percent, 14 percent and 16 percent per annum, respectively.

205. Industrial Exports. As discussed in Chapter V and in Annex I of this report, the prospects are good for accelerating growth in industrial exports -- provided that sufficient and well-directed investment is undertaken. The mission forecast an overall rate of growth of industrial exports in the order of 7 percent annually (in real terms) for the period 1972-77.

1/ The assumptions of the Egyptian Government underlying its own export projections were not made available to the mission. The following assumptions were based on the mission's appraisal, in the light of discussions with Egyptian officials.

If external market conditions were favorable and domestic allocation efficient, industrial export growth might well reach 10 percent or more. If both of these were unfavorable, or if there were substantial shortfalls in capital availabilities, then industrial export growth might be as low as 3-4 percent annually in the mid-1970's. The following table summarizes the mission's projections of growth in the main branches of industrial exports:

Table VIII B-1

Industrial Export Growth Projections, 1972-77
(average annual growth, in %, in constant prices)

	Medium-High Range	Low Range	1970/71 Exports (£Em.)
Textiles	9 - 13	5 - 6	60
Yarn	3 - 3 1/2	2 1/2	
Garments/knitwear	18 - 25	10	
Textiles	10 - 14	6 - 8	
Food Industries	2 - 5	-	45
Bleached rice	0 - 1	-	
Sugar	10 - 15	5	
Woodworking & Leather	10 - 15	6 - 7	8
Furniture	10 - 15	6 - 8	
Shoes	10 - 15	6	
Building Materials	8 - 10	3 - 6	4
Cement	8 - 10	3 - 6	
Chemicals (ind. fertilizer)	6 - 10	3 - 4	3
Engineering	13 - 20	8 - 10	2
Metallurgical	15 - 20	10 - 12	1
Mining	15 - 20	6 - 10	1
Total	7 - 10	3 - 4	124

206. The high range for branches such as textiles, clothing and leather industries represents a normative projection insofar as higher priority is assumed for these industries than presently appears planned to be given them. The projections are also based on the assumption that import-substitution will continue in certain lines (fertilizers, fuels, petrochemicals, engineering and metallurgical industries).

207. Cotton. An expansion of cotton production will depend heavily on Government land allotment and pricing policies, while the volume of exportable surplus will also depend on the growth of the domestic yarn, textile, and garment industries. As described in Chapter IV, the trend in land

use has been away from cotton in favor of rice, wheat, and maize. The mission's projection is based on the assumption that the current trend will continue, with land allocated to cotton decreasing by 2 percent annually. However, if it is also assumed that yields per feddan can be raised by 4 1/2 percent per year, then total cotton production would increase by 2 1/2 percent annually. And taking into account expected increases in domestic consumption, exports might increase by 1-2 percent annually through the mid-1970's. Since not much change in prices is forecast, both current and constant price projections are the same.

208. Rice. If, as assumed above, there is some decline in the land area devoted to cotton, the shift will most likely be to rice. But since the land shifted is likely to be of inferior quality, rice production might only increase by around 2 percent per year in 1972-73. However, Egypt has not yet changed to high yielding varieties, and if these were introduced after 1973, yields might increase substantially. On the other hand, increasing population and shifting consumption patterns (from wheat and maize to rice) may increase domestic consumption of rice. On balance, the mission's projection assumes that rising production will be absorbed mostly by increasing domestic consumption, leaving rice exports unchanged in constant prices. But an expected decline in rice prices may result in an average fall in rice export earnings of 2-3 percent yearly over the next several years.

209. Other Agricultural Exports. With agricultural priorities shifting to high-value crops -- and in view of Egypt's comparative advantages in fruits and vegetables -- the export prospects are good for commodities such as onions, potatoes, vegetables and citrus. Taken together, exports of these goods are projected to increase by 8-10 percent in constant prices and 10-12 percent in current prices.

210. Tourism and Other Invisibles: Receipts from tourism are obviously extremely sensitive to the political climate. Assuming that tensions in the Middle East do not worsen, tourism is projected to increase by 35 percent in 1972 and at an annual rate of 10 percent between 1973 and 1977. In current prices the growth rates may be assumed to be 3 percent higher. Other invisible receipts are projected on the basis of recent trends, excepting a higher growth rate is assumed for shipping receipts.

211. Additional invisibles earnings will also be derived from Sumed, the oil pipeline to be constructed between Suez and Alexandria. Following a three year construction period, operations are expected to begin by end 1975. The original capacity will be 80 million tons, to be increased to 120 million tons by 1980. Earnings are assumed to amount to US $1.50 per ton. Net receipts (after deducting debt service) are projected to begin at £E 22 million in 1976 and to rise annually by about 12 percent (in constant prices) for the following several years.

212. Transfers: These consist of contractual payments under the Khartoum Agreement plus some other Arab aid. Total transfer receipts are projected here to remain unchanged at £E 120 million -- slightly above the 1971

level. In the event that the Suez Canal were reopened, it is assumed that the Suez revenues would lead to an equivalent drop in transfer receipts, i.e. would have no net effect on the balance of payments.

213. Capital Inflows. The projections of capital inflows were made on the basis of: a) maintaining net capital transfers at a given level; or b) achieving targeted rates of gross inflows. For purposes of manageability, only four classes of creditors were specified: the World Bank Group, official lenders from convertible currency countries, suppliers from convertible currency countries, and non-convertible country creditors. Direct foreign investment was assumed either to be zero or to be subsumed under the categories for convertible currency capital (for purposes of evaluating its net balance of payments' effects).

214. A variety of combinations of composition and terms were applied. In the projection exercise reported in this chapter, for example, the gross capital inflows from each source were assumed to equal the debt service owed to that source (as reported in Table 4.2, adjusted for the Russian debt as noted in the text). The terms assumed for these inflows were about the same as applied in recent years. Bilateral official capital from convertible currency countries was assumed to be provided at a 7 percent interest rate, 5 years maturity, and 1 year grace period. Suppliers credits from the same areas were assumed to have terms of 7 1/2 percent interest, 3.2 years maturity and 1 year grace. Loans from countries with non-convertible currencies were projected at 2 1/2 percent interest, 14.3 years maturity and 3.4 years grace period. Bank Group inflows were projected at the terms applicable on these loans and credits in mid-1972.

STATISTICAL ANNEX

Table of Contents

1. Population and Employment

2. National Accounts

3. Balance of Payments and External Trade

4. External Debt

5. Public Sector Finance

5.1 Central Government Current Expenditure
5.2 Central Government Revenues
5.3 Public Sector Investments
5.4 Financing Capital Expenditure, Budget Deficits and Debt Service

6. Money, Banking, and Capital Markets

6.1 Summary of Factors Affecting Liquidity
6.2 Credit to Nongovernment Sector
6.3 Monetary Survey

7. Agriculture

7.1 Acreage of Major Crops
7.2 Cropped Area By Season: Changing Pattern
7.3 Production of Major Crops
7.4 Average Yields of Major Crops
7.5 Gross Value of Agricultural Production
7.6 Net Value of Agricultural Production
7.7 Farm, Export, Import and Domestic Selling Prices Selected Commodities
7.8 Investments of the Agricultural Sector Executed (1967/68-70/71) and Target (71/72) Distributed among the Major Projects
7.9 Agricultural Credit

8. Other Sectors

8.1 Gross Value of Industrial Output by Industries
8.2 Industrial Production Index Numbers
8.3 Manufacturing and Mining Production (Selected Items)
8.4 Public Investments by Main Industrial Subsectors
8.5 Main Plan Targets by Industrial Subsector
8.6 Size of Industry According to Employed Persons
8.7 Labor Force Employed in Public Sector Enterprises and Wages by Subsectors
8.8 Electricity: Capacity and Production
8.9 Net Profits and distribution for Industry Subsectors
8.10 Tourist Arrivals by Nationality Group
8.11 Tourist Nights by Nationality Group

9. Prices and Wages

Table 1.1: DEMOGRAPHIC INDICATORS, 1950-70

	1950	1960	1970
Total population (thousands) (of which % urban)	20,461 (34.6%)	25,832 (38.2%)	33,329 (42.2%)
Birth rate per 1,000	44.2	43.1	35.6 1/
Death rate per 1,000	19.0	16.9	15.0 1/
Rate of population growth (% per annum)	2.5%	2.6%	2.1%
Rate of growth of urban population (% per annum)	3.6	3.9	3.2
Infant mortality per 1,000 live births	129	109	119 (1969)
Age at marriage (median maternal age)	19.3	19.8	19.7
Life expectancy (at birth)		Males 51.6 Females 53.8	
Dependency: Population under 15 years of age (%)	39.1%	42.8%	40.3%

1/ Provisional.

Source: Data provided by the Egyptian authorities.

Table 1.2: POPULATION, RATES OF BIRTH, DEATH AND NATURAL INCREASE, AND AGE STRUCTURE

(rates per thousand population)

Year	Population (thousands)	Birth Rates	Death Rates	Rate of Natural Increase
1952	21,437	45.2	17.8	27.4
1953	21,943	42.6	19.6	23.0
1954	22,460	42.6	17.9	24.7
1955	22,990	40.3	17.6	22.7
1956	23,532	40.7	16.4	24.3
1957	24 087	38.0	17.8	20.2
1958	24,655	41.1	16.6	24.5
1959	25,237	42.8	16.3	26.5
1960	25,832	43.1	16.9	26.2
1961	26,579	44.1	15.8	28.3
1962	27,257	41.5	17.9	23.6
1963	27,947	43.0	15.5	27.5
1964	28,659	42.3	15.7	26.6
1965	29,389	41.7	14.1	27.6
1966	30,139	41.2	15.9	25.3
1967	30,907	39.2	14.2	25.0
1968	31,693	38.2	16.1	22.1
1969	32,501	36.8	14.4	22.4
1970 1/	33,329	35.6	15.0	20.6
1971 2/	34,076	n.a.	n.a.	n.a.

1/ Provisional.

2/ Estimate.

AGE STRUCTURE

(population in thousands)

Population Aged:	1960	1965	1970	% distribution in 1970
0-14	11,013	12,458	14,019	42.1%
15-24	4,915	5,576	6,350	19.1%
25-49	7,175	8,143	9,276	27.8%
50-64	2,014	2,288	2,611	7.8%
65-80	811	924	1,073	3.2%
				100.0%

Source: Central Agency for Public Mobilization and Statistics.

Table 1.3: URBAN GROWTH, 1947 - 1970

	Total Population		Urban Population		
	Number (000)	Annual Rate (%)	Number (000)	Annual Rate (%)	% Urban Population
1947	19,021		6,203		32.6
		2.3		3.6	
1960	25,832		9,864		38.2
		2.6		3.9	
1966	30,139		12,385		41.1
		2.6		3.2	
1970	33,329		14,049		42.2

Source: Data provided by the Central Agency for Public Mobilization and Statistics.

Table 1.4: POPULATION DENSITY IN CENSUS YEARS, 1882-1966

Census Year	Population	Density of Total Area: Per Square Mile	Density of Total Area: Per Square Kilometer	Inhabited Area: Square Mile	Inhabited Area: Square Kilometer	Density of Inhabited Area: Per Square Mile	Density of Inhabited Area: Per Square Kilometer	Density of Inhabited Area: Index of Density
1882	6,806,381	17.6	6.8	13,402	34,701	507.9	196.1	100.0
1897	9,714,525	25.2	9.7	13,407	34,716	724.6	279.8	142.7
1907	11,287,359	29.2	11.3	13,405	34,710	842.0	325.2	165.8
1917	12,750,918	33.0	12.7	13,284	34,397	1,431.6	370.7	189.0
1927	14,217,864	36.8	14.2	13,404	34,708	1,060.7	409.6	208.9
1937	15,932,694	41.3	16.0	13,202	34,185	1,206.8	466.1	237.7
1947	19,021,840	49.3	19.0	13,446	34,815	1,414.7	546.4	278.6
1960	26,085,326	67.5	26.1	13,741	35,580	1,898.4	733.2	373.9
1966	30,083,419	77.8	30.0	13,741	35,580	2,189.3	845.5	431.1

Source: Central Agency for Public Mobilization and Statistics.

Table 1.5: FAMILY PLANNING DATA

I. Beneficiaries of Birth Control Devices 1/

(monthly average users, in thousands)

	Pill	IUD	Total
1966	256.4	19.4	275.8
1967	289.7	60.4	350.1
1968	328.8	92.0	420.8
1969	376.5	126.6	503.1
1970	462.8	170.8	633.6

II. Indicators of Family Planning 2/, 1970

Number of females aged 15-44	7,040,000
of which: married	4,793,000
Family planning acceptors as % of married population	14-16%
Oral Contraceptives	
Monthly average of cycles distributed by:	
Government Health Units	314,000
Private Pharmacies	106,000
Estimated maximum proportion of women aged 15-44 accepting oral contraceptives	6-6½%
IUDs	
Estimated maximum number of IUD's in situ	130,000
Estimated maximum incidence of IUD acceptance among women aged 15-44	2%
Total	
Estimated maximum proportion of women 15-44 accepting oral contraceptives and IUDs	8-8½%

1/ Source: Central Agency for Statistics and Public Mobilization
2/ Based on data reported to the IBRD family planning sector mission by the Supreme Council for Family Planning.

Table 1.6: EMPLOYMENT, BY SECTORS

(in thousands)

	1959/60	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity Sectors	4,043.7	4,939.2	5,065.4	5,037.2	5,038.0	5,213.9	5,375.1	5,373.8
Agriculture	3,245.0	3,751.0	3,877.2	3,964.6	3,892.4	3,964.9	4,048.3	4,056.9
Industry	601.8	825.0	841.7	846.7	867.3	890.7	916.1	940.2
Electricity	11.9	18.0	18.5	18.3	18.5	20.3	22.8	30.4
Construction	185.0	345.2	328.0	307.6	259.8	338.0	387.9	346.3
Distribution Sectors	854.3	1,013.6	1,060.3	1,092.2	1,116.2	1,130.0	1,148.9	1,165.7
Transport and communication	218.6	283.9	307.8	324.5	330.4	335.7	347.2	350.1
Trade and finance	635.7	729.7	752.5	767.7	785.8	794.3	801.7	815.6
Services Sectors	1,208.5	1,527.1	1,587.3	1,613.6	1,673.4	1,707.3	1,750.7	1,782.5
Housing 1/	116.5	127.0	128.4	134.0	134.3	135.8	136.3	137.0
Public utilities	25.2	30.3	31.2	31.6	32.2	32.4	33.7	35.5
Other services	1,066.8	1,369.8	1,427.7	1,450.0	1,506.9	1,539.1	1,580.7	1,610.0
Total	6,106.5	7,479.9	7,713.0	7,743.0	7,827.6	8,051.2	8,274.7	8,322.0
of which: non-agricultural	(2,861.5)	(3,728.9)	(3,835.8)	(3,878.4)	(3,935.2)	(4,086.3)	(4,226.4)	(4,275.1)

1/ According to official sources, employment in the housing sector jumped from 22,600 in 1966/67 to 134,300 in 1967/68. Evidently a change in coverage effective from 1967/68 was not applied to earlier years. In this table, it has been assumed that productivity remained unchanged in the period 1959/60-1966/67, although earlier series imply a decline in productivity in this period. Thus, the employment in housing as reported above is constructed from Table 2.4.

Source: Statistical Abstract (various issues) and the Ministry of Planning.

Table 1.7 : OUTPUT PER WORKER, BY SECTOR (CONSTANT PRICES)

(value added per worker at constant 1964/65 factor cost)

	1959/60	1960/61	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	Average Annual % Increase 1959/60-1965/66	Average Annual % Increase 1965/66-1970/71
Commodity Sectors											
Agriculture	152	137	155	152	149	153	152	157	156	2.1 1/	0.5
Industry	468	502	513	515	516	499	513	531	581	1.6	2.4
Electricity	849	962	1,289	1,314	1,377	1,519	1,803	1,943	1,632	7.5	4.4
Construction	255	266	268	289	288	296	270	294	317	2.1	1.9
Distribution Sectors											
Transport & Communication	474	452	620	633	620	343	343	368	414	4.9	-8.1
Trade and Finance	227	244	230	239	248	244	250	261	261	0.9	1.8
Services Sectors											
Housing	841	--	841	841	841	841	849	866	876	-	0.9
Public Utilities	270	296	270	292	297	311	333	347	349	1.3	3.7
Other services	266	270	302	314	319	330	339	354	364	2.8	3.0
Total	238	239	268	272	267	263	269	279	290	2.3	1.3

1/ Based on period 1960/61-1965/66; there was a substantial adjustment made in the agricultural employment data in 1960/61, compensating for the failure to record any increase in such employment in the previous five years. Hence, the use of 1959/60 data here as a base would have distorted calculation of productivity growth.

Source: Calculated from Tables 1.6 and 2.4 and from supplementary data for other years.

Table 1.8 : OUTPUT AND WAGES PER WORKER, BY SECTOR (CURRENT PRICES).

(Output per worker measured as average value added in current prices per employed worker; wages are also average per worker, in current prices)

	1959/60	1960/61	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71	Average % Change 1959/60-1969/70	Average % Change 1964/65-1969/70
Commodity Sectors											
Agriculture											
Output/Worker	125	111	155	157	158	165	174	191	191	1/	4.3
Wage	30	27	44	51	53	52	53	54	"		4.2
Industry											
Output/Worker	426	456	513	548	563	531	566	592	660	3.3	2.9
Wage	148	125	181	183	183	184	187	192	"	2.6	1.1
Electricity											
Output/Worker	824	931	1,289	1,313	1,377	1,897	1,759	1,833	1,345	8.3	7.3
Wage	202	252	261	265	273	254	291	276	"	3.1	1.1
Construction											
Output/Worker	255	266	268	289	306	314	326	319	344	2.3	3.7
Wage	162	164	156	171	180	182	183	185	"	1.3	3.5
Distribution Sectors											
Transport and Communication											
Output/Worker	425	404	620	638	631	349	346	377	420	-1.2	-9.5
Wage	180	171	226	240	233	237	245	246	"	3.1	1.7
Trade and Finance											
Output/Worker	203	219	230	241	255	261	272	286	287	3.5	4.4
Wage	110	116	139	141	144	150	152	158	"	3.7	2.5
Services Sectors											
Housing											
Output/Worker	895	..	841	841	841	842	851	867	877	-0.3	0.6
Wage	52	..	68	82	84	79	79	79	"	4.3	3.0
Public Utilities											
Output/Worker	254	280	271	295	297	307	333	347	357	3.2	5.1
Wage	214	197	231	240	244	248	247	261	"	2.0	2.4
Other Services											
Output/Worker	249	253	302	320	332	347	353	369	380	4.0	4.2
Wage	201	201	249	264	266	268	285	302	"	4.2	4.0
Total											
Output/Worker	216	214	264	283	290	279	290	309	322	3.6	3.4
Wage	91	87	120	129	131	132	137	143	"	4.6	3.6

1/ The values calculated from official data differ markedly depending on the base year for the calculation. For the period 1959/60-1969/70, the growth rate for output per worker is 4.3% annually and that for the average wage is 6.0% annually. Over the period 1960/61-1969/70, however, the respective rates of growth are 6.2% and 8.0%. The disparity stems from a major adjustment made in 1960/61 in the data for agricultural employment.

Source: Calculated from Tables 1.6, 2.3, and 9.5 and from supplementary data for other years.

Table 2.1: EXPENDITURE ON GROSS NATIONAL PRODUCT

(in millions of LE, in current prices)

	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Total consumption	917.1	1285.5	2097.1	2153.1	2324.9	2451.7	2656.6	2869.9
Private consumption 1/	(717.1)	(1029.6)	(1615.2)	(1664.7)	(1762.5)	(1807.1)	(1939.6)	(2066.3)
Public consumption	(200.0)	(255.9)	(481.9)	(488.4)	(562.4)	(644.6)	(717.1)	(803.6)
Gross investment	166.8	225.6	446.2	385.6	342.2	318.2	416.1	377.6
Fixed investment 2/	(166.8	218.2	377.4	358.8	292.2	332.2	350.3	335.6
Change in stocks	(	7.4	68.8	26.8	50.0	-15.0	65.8	42.0
Exports, goods and non-factor services	(0.0 3/	280.4	409.4	429.1	309.9	379.9	425.5	442.1
Imports, goods and non-factor services	(	299.0	531.5	452.8	443.4	445.5	547.0	599.9
Statistical discrepancy	-0.8	-	13.6	-2.3	-0.6	-7.9	20.1	-
GDP (market prices)	1083.1	1492.5	2434.8	2512.7	2533.0	2696.4	2971.3	3089.7
Net factor income from abroad	-7.5	1.8	-14.7	-21.8	-23.3	-36.4	-44.5	-59.2
Receipts	-	(5.4)	(11.1)	(7.7)	(8.3)	(9.3)	(11.4)	(n.a.)
Payments	-	(-3.6)	(-25.8)	(29.3)	(-31.6)	(-46.7)	(-55.9)	(n.a.)
GNP (market prices)	1075.6	1494.3	2420.1	2490.9	2509.7	2660.0	2926.8	3030.5
Net indirect taxes	81.6	95.8	278.8	300.3	345.2	357.0	418.5	410.0
GNP (factor cost)	994.0	1398.5	2141.3	2190.6	2164.5	2303.0	2508.3	2620.5

(in percentages of GNP at market prices)

	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Total consumption	85.3	86.0	86.7	86.4	92.6	92.2	90.7	94.7
Private consumption	(66.7)	(68.9)	(66.8)	(66.8)	(70.2)	(67.9)	(66.3)	(68.2)
Public consumption	(18.6)	(17.1)	(19.9)	(19.6)	(22.4)	(24.3)	(24.4)	(26.5)
Gross investment	15.5	15.1	18.4	15.5	13.6	12.0	14.2	12.5
Fixed capital formation	(15.5	(15.1)	(15.6)	(14.4)	(11.6)	(12.5)	(11.9)	(11.1)
Change in stocks	(	(-)	(2.8)	(1.1)	(2.0)	(-0.5)	(2.3)	(1.4)
Exports, goods and non-factor services	(0.0	18.8	16.9	17.2	12.3	14.3	14.5	14.6
Imports, goods and non-factor services	(	20.0	22.0	18.2	17.7	16.7	18.7	19.8
Statistical discrepancy	-	-	0.6	-0.1	-	-0.4	0.7	-
Net factor income from abroad	-0.8	0.1	-0.6	-0.8	-0.8	-1.4	-1.4	-2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Private consumption data have been adjusted to reflect the revised new series on housing as in Table 2.3.

2/ Includes the expenditure in purchase of land, as reported in Table 2.5.

3/ Net figure.

Source: Central Agency for Public Mobilization and Statistics and Ministry of Planning.

Table 2.2: EXPENDITURE ON GROSS DOMESTIC PRODUCT (CONSTANT PRICES)*

(in millions of LE, at 1964/65 prices)

	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Total consumption	1495.4	2067.9	2060.0	2170.0	2280.3	2491.1	2679.7
Private consumption 1/	(273.4)	(1601.4)	(1601.8)	(1648.3)	(1679.0)	(1827.8)	(1940.4)
Public consumption	(1222.0)	(466.5)	(458.2	(521.7)	(601.3)	(663.3)	(739.3)
Gross investment	238.0	427.0	349.9	307.2	284.6	360.9	316.8
Exports, goods and n.f. services	324.2	403.7	415.8	283.0	330.3	347.3	363.6
Imports, goods and n.f. services	313.1	541.8	475.6	462.5	471.3	577.7	650.0
GDP at market prices	1744.5	2356.8	2350.1	2297.7	2423.9	2621.6	2710.1

Annual Growth Rates

(% change)

	1960/61-1964/65 2/	1965/66-1970/71 2/	1966/67	1967/68	1968/69	1969/70	1970/71
Total consumption			-0.4	5.3	5.1	9.2	7.6
Private consumption 1/	(4.8)	(4.1)	(-)	(2.9)	(1.9)	(8.9)	(6.2)
Public consumption	(12.8)	(9.5)	(-1.8)	(13.9)	(15.3)	(10.3)	(11.4)
Gross investment	14.9	-3.9	-18.1	-12.2	-7.4	26.8	-12.2
Exports, goods and n.f. services	5.7	-3.2	3.0	-31.9	16.7	5.1	4.7
Imports, goods and n.f. services	11.2	4.0	-12.2	-2.8	1.9	22.6	12.5
GDP at market prices	6.5	2.9	-0.3	-2.2	5.5	8.2	3.4

* IBRD estimates. For the methods employed in constructing this table (and the shortcomings thereof), see the note following.

1/ Includes statistical discrepancy.

2/ Period growth rates obtained by regression, with one year added to beginning and end (if possible) of period for which trend is calculated.

Table 2.3: INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT

(in millions of LE, at current factor cost)

Sector	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity sectors, total	509.0	744.7	1,188.8	1,209.2	1,221.5	1,338.2	1,479.4	1,554.2
Agriculture	312.0	402.7	608.5	612.3	644.4	688.3	779.9	774.1
Industry & Mining	170.0	285.6	461.1	477.4	460.3	503.9	542.0	620.2
Electricity	--	12.2	24.3	25.2	35.1	35.7	41.8	40.9
Construction	27.0	44.2	94.9	94.3	81.7	110.3	123.7	119.0
Distribution sectors, total	154.0	247.3	378.1	400.7	320.0	332.2	359.9	381.3
Transportation/communication	62.0	102.2	196.6	204.8	115.6	116.3	130.9	147.2
Trade & finance	92.0	145.1	181.5	195.9	205.0	215.9	229.0	234.0
Services sectors	338.5	404.7	574.7	602.5	645.7	669.0	713.5	744.2
Housing	94.0	107.0	108.0	111.0	113.1	115.5	118.2	120.2
Public utilities	--	6.8	9.2	9.4	9.9	10.8	11.7	12.3
Other services	244.5	290.9	457.5	482.1	552.7	542.6	583.6	611.7
Statistical discrepancy	--	--	14.4	0.0	--	--	--	--
GDP at factor cost	1,001.5	1,396.7	2,156.0	2,212.4	2,187.8	2,339.4	2,552.8	2,679.7

	As % of GDP at current factor cost			Annual growth rates (%)				
	1955/56	1965/66	1970/71	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity sectors, total	50.8	55.1	58.0	1.7	1.0	9.6	10.6	5.0
Agriculture	31.2	28.2	28.9	0.6	5.2	6.8	12.1	-0.3
Industry & Mining	17.0	21.4	23.1	3.5	-3.6	9.5	7.6	14.4
Electricity	--	1.1	1.5	3.7	39.3	1.7	17.1	-2.2
Construction	2.6	4.4	4.5	-0.6	-13.4	35.0	12.4	-3.8
Distribution sectors, total	15.4	17.5	14.2	6.0	-20.1	3.8	8.3	5.9
Transportation/communication	6.2	9.1	5.5	4.2	-43.5	0.6	12.6	12.5
Trade & finance	9.2	8.4	8.7	7.9	4.6	5.3	6.1	2.2
Services sectors, total	33.8	26.6	27.8	4.8	7.2	3.6	6.6	4.3
Housing	9.4	5.0	4.5	2.8	1.9	2.1	2.3	1.7
Public utilities	--	0.4	0.5	2.3	5.3	9.1	8.3	5.1
Other services	24.4	21.2	22.8	5.4	8.4	3.8	7.6	4.8
Statistical discrepancy	--	0.8	--	--	--	--	--	--
Total	100.0	100.0	100.0	2.6	-1.1	6.9	9.1	5.0

Source: Central Agency for Public Mobilisation and Statistics and Ministry of Planning. For 1955/56 see D. Mead, "Growth and Structural Change in the Egyptian Economy", 1967.

Table 2.4: INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT

(in millions of LE, at 1964/65 factor cost)

	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity sectors, total	657.0	862.3	1,141.1	1,127.3	1,123.8	1,200.3	1,285.9	1,338.2
Agriculture	414.5	491.4	588.1	576.7	595.2	601.5	640.8	632.2
Industry & Mining	214.2	314.1	433.8	436.9	416.3	457.2	486.9	546.6
Electricity	n.a.	12.6	24.3	25.2	35.4	36.6	44.3	49.6
Construction	28.3	44.2	94.9	88.5	76.9	105.0	114.1	109.8
Distribution sectors, total	206.2	276.1	374.9	392.0	304.8	314.1	337.4	358.0
Transport/Communication	72.9	114.1	194.7	201.3	113.3	115.2	127.8	145.1
Trade & Finance	133.3	162.0	180.2	190.7	191.5	198.9	209.6	212.9
Services sectors	342.6	417.8	564.8	582.8	620.1	648.5	680.8	718.4
Housing	87.8	100.0	108.0	111.0	112.9	115.3	118.0	120.0
Public Utilities	n.a.	7.2	9.1	9.4	10.0	10.8	11.7	12.4
Other Services	254.8	310.6	447.7	462.4	497.2	522.4	559.1	586.0
Statistical discrepancy	--	3.0	14.4	--	--	--	--	--
GDP at factor cost	1,205.8	1,559.2	2,095.2	2,102.1	2,048.7	2,162.9	2,312.1	2,414.6

	Average Annual Growth Rate (%)			Annual Growth Rates (%)				
	1956-61	1961-66	1966-71	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity sectors, total	5.6	5.8	3.3	- 1.2	- 0.3	5.9	7.1	4.1
Agriculture	3.5	3.7	1.6	- 1.9	3.2	1.1	6.5	- 1.3
Industry & Mining	8.0	6.6	4.7	0.7	- 4.7	9.8	6.5	12.3
Electricity	n.a.	14.0	15.3	3.7	40.5	30.2	21.0	12.0
Construction	9.3	16.6	3.0	- 6.8	-13.1	36.5	8.7	- 3.8
Distribution sectors, total	6.0	6.3	- 0.9	4.5	-22.2	3.1	7.4	6.1
Transportation/communication	9.4	11.3	- 6.0	3.4	-43.7	1.7	10.9	13.5
Trade & Finance	4.0	2.2	3.4	5.8	0.4	3.8	5.4	1.6
Services sectors	4.1	6.2	4.9	3.2	6.4	4.6	[illegible]	4.3
Housing	2.6	1.5	2.1	2.8	1.7	2.1	2.3	1.7
Public Utilities	n.a.	4.8	6.4	3.3	6.4	8.0	8.3	6.0
Other Services	4.0	7.6	5.6	3.3	7.5	5.1	7.0	4.8
Statistical discrepancy	--	37.0	--	--	--	--	--	--
GDP at factor cost	5.3	6.1	2.9	0.3	- 2.5	5.6	6.9	4.4

Source: Central Agency for Public Mobilization and Statistics, Ministry of Planning.

Table 2.5: GROSS FIXED INVESTMENT, BY SECTOR

(in millions of LE, at current prices)

Sector	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity sectors, total	78.2	111.6	250.8	253.8	202.2	201.6	215.1	212.4
Agriculture	7.0	16.6	30.7	31.3	24.9	25.6	27.0	27.5
Irrigation & Drainage	11.3	14.8	32.6	34.4	25.1	32.5	29.1	22.0
High Dam	0.4	6.8	19.0	16.5	12.5	9.5	5.2	6.0
Industry & Mining	49.8	67.8	100.6	98.4	85.8	101.1	123.1	126.1
Electricity	9.7	5.6	61.1	69.3	52.9	31.9	27.3	21.9
Construction	n.a.	n.a.	6.8	3.9	1.0	2.6	3.4	8.9
Distribution sectors, total	25.1	74.8	55.8	48.7	39.0	72.2	75.0	69.6
Transportation/communication	25.1	68.9	49.4	42.6	38.3	69.5	71.4	65.3
Suez Canal	n.a.	5.9	3.7	3.5	-	-	-	-
Trade & Finance	n.a.		2.7	2.6	0.7	2.7	3.6	4.3
Services sectors	73.6	39.2	77.2	63.3	56.8	68.1	65.4	58.9
Housing	54.6	19.1	47.5	42.3	41.7	46.9	36.5	26.5
Public Utilities	5.1	7.7	12.4	8.6	4.2	5.8	10.9	16.8
Other services	13.9	12.4	17.3	12.4	10.9	15.4	18.0	15.6
Expenditure for Purchase of Land	n.a.	-7.4	-6.4	-7.0	-5.8	-10.3	-5.2	5.3
Total fixed investment 1/	176.9	218.2	377.4	358.8	292.2	333.2	350.3	335.6
of which								
Public Sector	..	..	349.6	329.4	289.8	290.9	312.6	307.6
Private Sector	..	..	27.8	29.4	28.6	42.3	37.7	28.0

(As percentages of total fixed investment)

Sector	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Commodity sectors, total	44.2	51.1	66.5	70.7	69.2	60.5	61.4	63.3
Agriculture	4.0	7.6	8.1	8.7	8.5	7.7	7.7	8.2
Irrigation & Drainage	6.4	6.8	8.6	9.6	8.6	9.8	8.3	6.6
High Dam	0.2	3.1	5.0	4.6	4.3	2.9	1.5	1.8
Industry & Mining	28.1	31.1	26.7	27.4	29.3	30.3	35.1	37.6
Electricity	5.5	2.5	16.2	19.3	18.1	9.6	7.8	6.5
Construction	n.a.	-	1.8	1.1	0.3	0.8	1.0	2.6
Distribution sectors, total	14.2	34.3	14.8	13.6	13.3	21.6	21.4	20.7
Transportation/communication	14.2	31.6	13.1	11.9	13.1	20.6	20.4	19.5
Suez Canal	n.a.	2.7	1.0	1.0	-	-	-	-
Trade & Finance	n.a.	-	0.7	0.7	0.2	1.0	1.0	1.2
Services Sectors	41.6	17.9	20.5	17.6	19.4	20.4	18.7	17.6
Housing	30.8	8.8	12.6	11.8	14.3	14.1	10.4	7.9
Public Utilities	2.9	3.4	3.3	2.4	1.4	1.7	3.1	5.0
Other Services	7.9	5.7	4.6	3.5	3.7	4.6	5.1	4.7
Expenditure for purchase of Land	n.a.	-3.3	-1.8	-1.9	-1.9	-2.5	-1.5	-1.6

1/ 1959/60 through 1963/64 include change in stocks.

Source: Central Agency for Public Mobilization and Statistics and Ministry of Planning.

Table 2.6: SAVINGS AND INVESTMENT

(in millions of LE, at current prices)

	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
DP (market prices)	1083.1	1492.5	2434.8	2512.7	2533.0	2696.4	2971.3	3089.7
et factor income	- 7.5	1.8	-14.7	-21.8	-23.3	-36.4	-44.5	-59.2
NP (market prices)	1075.6	1494.3	2420.1	2490.9	2509.7	2660.0	2926.8	3030.5
otal consumption	917.1	1285.5	2097.1	2153.1	2324.9	2451.7	2656.6	2869.9
esource gap 1/	0.0	18.6	122.1	23.7	133.5	65.6	121.5	157.8
ross domestic savings	166.8	207.0	324.1	361.9	208.7	252.6	294.6	219.8
ross investment	166.8	225.6	446.2	385.6	342.2	318.2	416.1	377.6
urrent account deficit 2/	8.3	16.8	123.2	47.8	157.4	109.9	145.9	217.0
ross national savings	158.5	208.8	323.0	337.8	184.8	208.3	270.2	160.6
tatistical discrepancy	- 0.8	-	13.6	-2.3	-0.2	-7.9	20.1	-
				(in percentages)				
s % of GDP								
Gross investment	15.3	15.1	18.3	15.3	13.5	11.8	14.0	12.2
Resource gap	--	1.2	5.0	0.9	5.3	2.4	4.1	5.1
Gross domestic savings	15.3	13.9	13.3	14.4	8.2	9.4	9.9	7.1
s % of GNP								
Gross investment	15.5	15.1	18.4	15.5	13.6	11.9	14.2	12.5
Current account deficit	0.8	1.1	5.1	1.9	6.2	4.1	5.0	7.2
Gross national savings	14.7	14.0	13.3	13.6	7.4	7.8	9.2	5.3

/ The resource gap is defined as the difference between gross investment and domestic savings; it is also identical to the difference between imports and exports of goods and non-factor services. Hence, a negative sign indicates a savings (or export) surplus.

/ The current account deficit is defined as the difference between gross investment and national savings; it is also identical to the difference between imports and exports of goods and all services. A negative sign indicates a savings (or export) surplus.

ource: Calculated from Table 2.1.

Table 2.7: SAVINGS AND INVESTMENT, ALTERNATIVE CALCULATION*

(in millions of LE, at current prices)

	1955/56	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
GDP at market prices	1083.1	1492.5	2434.8	2512.7	2533.0	2696.4	2971.3	3089.7
Unrequited transfers, (net)	-	-	-	31.1	83.6	125.2	139.3	118.3
GDP* at market prices	1083.1	1492.5	2434.8	2543.8	2616.6	2821.6	3110.6	3208.0
Net factor income from abroad	-7.5	1.8	-14.7	-21.8	-23.3	-36.4	-44.5	-59.2
GNP* at market prices	1075.6	1494.3	2420.1	2522.0	2593.3	2785.2	3066.1	3148.8
Resource gap* 1/	0.0	18.6	122.1	-7.4	49.9	-59.6	-17.8	39.5
Gross domestic saving*	166.8	207.0	324.1	393.0	292.3	377.8	433.9	338.1
Gross investment	166.8	225.6	446.2	385.6	342.2	318.2	416.1	377.6
Current account deficit*(- = surplus) 2/	7.5	16.8	136.8	14.4	73.2	-23.2	26.7	98.7
Gross national savings*3/	158.5	208.8	309.4	371.2	269.0	341.4	389.4	278.9
Statistical discrepancy	(-0.8)	-	(13.6)	(-2.3)	(-0.6)	(-7.9)	(20.1)	-
As % of GDP*				(in percentages)				
Total investment	15.4	15.1	18.3	15.2	13.1	11.3	13.3	11.8
Resource gap*(- = surplus)	-	1.2	5.0	-0.2	1.9	-2.1	-0.6	1.2
Gross domestic savings*	15.4	13.9	13.3	15.4	11.2	13.4	13.9	10.6
As % of GNP*								
Total Investment	15.5	15.1	18.4	15.3	14.7	11.4	13.6	12.0
Current account deficit*	0.8	1.1	5.7	0.6	3.1	-0.8	0.9	3.1
Gross national savings*	14.7	14.0	12.7	14.7	11.6	12.2	12.7	8.9

* In this calculation, unrequited transfer receipts (mainly Khartoum Agreement payments from Arab countries as compensation for losses of Suez Canal dues) are included as part of GDP,* as the Suez dues would have been included were the Canal open.

1/ The resource gap is defined as the difference between gross investment and domestic savings; it is also idential to the difference between imports and exports of goods and non-factor services. Hence, a negative sign indicates a savings (or export) surplus.

2/ The current account deficit is defined as the difference between gross investment and national savings; it is also identical to the difference between imports and exports of goods and all services. A negative sign indicates a savings (or export) surplus.

3/ The savings data were calculated as a residual from gross investment and the resource gap or current account deficit. Hence, the savings data above vary from the difference between consumption and GNP or GDP to the extent of the statistical discrepancy.

Source: Ministry of Planning.

Table 3.1: BALANCE OF PAYMENTS: CURRENT ACCOUNT

(in millions of LE)

	1966/67	1967/68	1968/69	1969/70	1970/71
A. Exports, goods	263.9	253.4	307.3	348.0	358.0
B. Imports, goods	414.4	386.8	384.0	473.1	531.0
C. Trade Balance (A-B)	-150.5	-133.4	-76.7	-125.1	-173.0
Services, receipts					
Suez Canal dues	95.2	--	--	--	--
Other shipping	10.9	4.1	3.4	3.9	4.7
Interest, dividends and other revenues 1/	8.7	10.6	12.3	15.1	12.7
Travel	61.1)	43.8)	51.5)	23.6	28.0
Other receipts	)	)	)	31.0	28.7
D. Total service receipts	174.9	58.5	67.2	74.0	74.4
Services, payments					
Shipping	11.9	5.8	4.9	7.4	8.7
Travel & remittances	11.1	6.5	9.0	8.4	8.3
Interest, dividends, and other payments	19.0	16.4	26.2	28.6	31.1
Government, n.i.e.	35.7	25.5	25.6	33.8	33.4
Commercial payments	5.2	7.0	8.6	11.3	11.3
Other	20.8	18.8	18.6	19.8	21.0
E. Total service payments	103.7	80.0	92.9	109.3	113.8
F. Services balance (D-E)	71.2	-21.5	-25.7	-35.3	-39.4
G. Transfers, net	31.1	83.6	125.2	139.3	118.3
H. CURRENT BALANCE (C+F+G)	-48.2	-71.3	22.8	-21.1	-94.1
Memorandum Items					
I. Current account balance, national accounts basis 2/	-47.8	-157.2	-109.9	-145.9	-217.0
J. Current account balance, excluding transfers (H-G)	-79.3	-154.9	-102.4	-160.4	-212.4
K. Adjustment (J-I)	31.5	2.3	7.5	14.5	5.0
L. Exports of goods and services (A+D)	438.8	311.9	374.5	422.0	432.4
M. Exports of goods and services plus net transfers (A+D+G)	469.9	395.5	499.7	561.3	550.7
N. Imports of goods and services	518.1	466.8	476.9	582.4	644.8

1/ Includes remittance of mandatory percentage of salaries earned by Egyptians abroad.

2/ The national accounts do not classify the unrequited transfers (mainly Arab assistance in compensation for lost Suez revenues) as a part of the GNP.

Source: Central Bank of Egypt.

Table 3.2: **BALANCE OF PAYMENTS: CAPITAL ACCOUNT** *

(in millions of LE)

	1966/67	1967/68	1968/69	1969/70	1970/71
A. Current balance (Table 3.1, line H)	-48.2	-71.3	22.8	-21.1	-94.1
Capital Movements					
Long & medium term loans, net	45.2	-2.8	-29.3	-7.9	7.9
Loans received	(100.0)	(55.7)	(76.7)	(108.2)	(151.7)
Amortization	(-54.8)	(-58.5)	(-106.0)	(-116.1)	(-143.8)
Other capital flows, net	23.5	23.8	14.8	37.6 1/	26.8 2/
B. Total capital movements, net	68.7	21.0	-14.5	29.7	34.7
C. Overall balance (A+B)	20.5	-50.3	8.3	8.6	-59.4
D. Monetary Movements	-20.5	50.3	-8.3	-8.6	59.4
Net IMF Position	-5.2	4.4	-8.3	-8.0	1.4
SDR holdings	-	-	-	-	-3.9
Monetary gold (increase -)	20.0	-	-	-	3.7
Net foreign exchange position (increase -)	-51.7	35.0	-2.5	6.9	44.8
Payments agreements	10.0	12.6	-0.8	-7.5	25.9
Other liabilities	6.1	2.0	1.2	2.1	-1.7
Errors and omissions	0.3	-3.7	2.1	-2.1	-10.8

* Note: All data have been converted at the official rate of LE = US $2.30

1/ Includes LE 11 million allocation of SDR's.

2/ Includes a LE 24 million foreign deposit with the Central Bank of Egypt.

Source: Central Bank of Egypt.

Table 3.3: LOANS RECEIVED BY CENTRAL GOVERNMENT

(in LE millions 1/, by calendar year)

	1965	1966	1967	1968	1969	1970
Drawings from:						
E.E.C. countries	12.2	10.0	11.3	22.2	4.8	11.7
U.S.S.R.	37.8	38.7	36.1	23.9	22.2	27.4
United States 2/	38.3	3.5	-	0.9	0.9	-
Other countries	16.1	34.8	34.3	27.8	27.4	40.4
Total drawings	104.4	87.0	81.7	74.8	55.3	79.5
Repayments to:						
E.E.C. countries	8.7	7.4	2.6	9.1	14.8	11.3
U.S.S.R.	7.8	12.2	12.2	15.2	21.7	36.5
United States	5.2	7.0	-	7.8	4.3	0.4
Other countries	19.6	20.9	10.4	18.3	17.8	18.7
Total repayments	41.3	47.5	25.2	50.4	58.6	66.9
Net drawings from:						
E.E.C. countries	3.5	2.6	8.7	13.1	-10.0	0.4
U.S.S.R.	30.0	26.5	23.9	8.7	0.5	-9.1
United States 2/	33.1	-3.5	-	-6.9	-3.4	-0.4
Other countries 3/	-3.5	13.9	23.9	9.5	9.6	21.7
Total net drawings	63.1	39.5	56.5	24.4	-3.3	12.6

1/ Original data in U.S. dollars, converted at LE1 = $2.30.

2/ Including transactions in loans made out of U.S. Government holdings of Egyptian pounds.

3/ Including amounts for the specified countries when details are not available.

Source: I.M.F., Balance of Payments Yearbook.

Table 3.4: COMMODITY COMPOSITION OF EXPORTS

(in thousands of LE)

Fiscal year ended June 30	1966/67	1967/68	1968/69	1969/70	1970/71
Fuels 1/	14,732	6,750	8,907	6,813	14,178
Raw materials					
Raw cotton	127,603	109,659	119,934	161,113	161,202
Fresh onions	8,380	5,165	6,328	5,756	3,800
Potatoes	1,716	810	2,607	3,629	1,904
Oranges	915	1,860	4,327	5,791	6,748
Rice, husked & unbleached	1,507	2,382	4,174	1,444	729
Groundnuts	1,155	1,757	2,175	2,001	2,134
Others	7,956	6,856	8,120	7,119	7,024
Total	149,232	128,489	147,665	186,853	183,541
Semi-finished commodities					
Cotton yarn	32,342	30,548	36,162	33,135	33,393
Others	3,305	2,353	3,529	3,231	8,963
Total	35,647	32,901	39,691	36,366	42,356
Finished commodities					
Rice, husked & bleached	24,483	35,262	48,367	36,244	29,149
Dehydrated onions	988	1,077	1,155	1,643	1,626
Cane sugar, refined	251	1,239	2,657	3,908	4,628
Cement	1,826	3,784	5,683	1,468	4,015
Shoes	170	844	4,108	4,572	3,583
Cotton textiles	13,821	14,009	16,837	15,179	18,707
Textile	2,192	2,670	5,264	5,482	7,616
Alcoholic beverages	118	703	2,501	2,469	2,247
Others	9,236	10,586	14,876	18,714	27,460
Total	53,085	70,174	101,448	89,179	99,031
Unclassified	5,132	6,341	5,797	8,698	--
Grand Total	257,828	244,655	303,508	327,909	339,106

1/ Excluding off-shore transactions not reported in customs statistics. Data therefore differ from balance of payments (Table 3.1) and petroleum balance of payments (Table 3.10).

Source: Central Agency for Public Mobilization and Statistics.

Table 3.5: COMMODITY COMPOSITION OF IMPORTS 1/

(in thousands of LE)

Fiscal year ended June 30	1966/67	1967/68	1968/69	1969/70	1970/71
Fuels	28,959	19,986	15,312	27,911	28,026
Raw materials					
Wheat 2/	49,972	56,930	33,430	25,769	58,134
Maize	3,192	7,354	460	1,695	2,110
Tobacco	8,367	7,136	7,124	7,347	8,123
Coffee, unroasted	933	1,777	1,167	1,066	1,150
Wool, combed and not combed	3,047	2,322	3,423	4,449	4,969
Unwrought aluminum, waste and scrap	922	3,849	480	1,810	1,626
Others	14,266	12,795	11,946	18,549	8,159
Sub-total	80,699	92,163	58,030	60,685	84,271
Intermediate commodities					
Wheat flour 2/	23,054	22,658	14,085	8,557	9,475
Animal fats and vegetable oils	13,642	17,555	9,725	14,623	5,745
Lubricating oils	3,651	3,020	1,609	1,426	4,415
Chemicals	8,329	11,665	11,778	16,842	17,550
Synthetic organic dyestuffs	1,687	1,941	2,739	4,300	3,564
Fertilizers	4,733	6,237	6,162	4,286	3,929
Wood and plywood	12,999	8,056	3,625	7,010	12,844
Pulp for paper making	3,030	3,766	3,954	4,890	4,931
Paper for newspapers, printing & writing; paper kraft & paperboard	6,456	4,748	3,411	3,790	2,700
Bars and rods	3,729	2,955	1,504	2,494	5,120
Sheets and plates of iron or steel	2,560	4,604	2,784	5,481	6,518
Others	37,288	26,764	29,338	36,311	74,616
Sub-total	121,158	113,969	90,714	110,010	151,407
Capital commodities					
Parts of locomotives	1,950	1,186	844	1,202	865
Tractors	1,462	3,151	340	170	822
Motor vehicles for the transport of persons	1,566	454	2,439	2,350	1,019
Motor vehicles for the transport of goods	2,315	1,979	1,648	3,595	9,883
Parts for motor vehicles	7,509	3,844	6,675	5,808	8,016
Mechanically propelled railway and tramway coaches	2,289	5,116	2,416	1,319	1,004
Aircraft and parts thereof	2,301	1,040	8,103	8,469	2,004

Table 3.5: (Cont'd.) COMMODITY COMPOSITION OF IMPORTS

(in thousands of LE)

Fiscal year ended June 30	1966/67	1967/68	1968/69	1969/70	1970/71
Parts for piston engines	2,576	1,190	1,709	1,935	22,718
Pumps for liquids and air pumps	3,626	4,141	3,245	4,860	2,062
Extracting machinery	2,953	2,425	2,320	2,067	723
Electrical generators, transformers and converters	4,905	2,752	2,165	1,756	2,457
Apparatus for making and breaking electrical circuits	3,737	3,936	3,041	2,547	2,570
Others	39,559	39,835	24,392	37,222	50,645
Sub-total	76,748	71,049	59,337	73,300	84,788
Consumer commodities					
Durable commodities					
Automobiles	891	1,302	1,411	3,555	6,796
Others	3,978	2,271	3,266	4,690	6,029
Sub-total	4,869	3,573	4,677	8,245	12,825
Nondurable commodities					
Preparations of meat and fish	1,161	726	825	1,521	704
Lentils	794	1,054	1,518	2,475	334
Tea	14,426	8,791	3,674	6,691	6,939
Dairy produce	999	830	1,337	1,894	2,038
Medicament for human beings	3,146	2,936	2,738	3,028	3,730
Disinfectants and insecticides	8,658	6,835	6,694	3,157	8,260
Sub-total	29,184	21,222	16,786	18,763	21,995
Other commodities	34,843	23,558	16,650	19,518	26,968
Grand Total	376,460	345,520	261,506	318,435	410,280

1/ Data are based on customs statistics. They differ from those in the balance of payments (Table 3.1), which are based on the exchange record. The difference is due to imports under the "temporary admission procedure" which are not reported in customs statistics.

2/ The relatively small wheat imports in 1968/69 and 1969/70 are due to exceptional large imports under the "temporary admission procedure" in these years, not reported in this table.

Source: Central Agency for Public Mobilization and Statistics.

Table 3.6 : TRADE INDICES: VOLUME AND PRICES

(Base 1963 = 100)

	1964	1965	1966	1967	1968	1969
Imports						
Price index	104	103	100	97	94	93
Volume index	100	96	116	91	76	67
Exports						
Price index	107	113	110	117	124	129
Volume index	96	102	105	90	92	103
Terms of Trade Index	103	110	110	121	132	139
	(percentage change from previous year)					
Imports						
Price index	4	-1	-3	-3	-3	-1
Volume index	-	-4	21	-22	-16	-12
Exports						
Price index	7	6	-3	6	6	4
Volume index	-4	6	3	-14	2	12
Terms of Trade Index	3	7	-	10	9	5

Source: United Nations, Commodity Trade Statistics, 1971.

Table 3.7: DIRECTION OF TRADE

(in percent)

	1955/56-1959/60 Annual Average	1960/61-1964/65 Annual Average	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Imports from:								
Arab countries	7.9	7.6	6.6	7.0	6.1	4.3	6.2	6.5
Eastern Europe	24.7	21.0	24.9	30.1	41.4	34.8	32.9	32.1
Western Europe	41.2	33.4	33.3	27.2	32.3	41.1	36.1	30.2
The Americas	13.2	26.1	20.0	22.3	6.2	6.8	2.0	10.2
Far East	10.1	9.2	12.5	11.7	8.6	10.4	13.8	11.5
Other	2.9	2.6	2.7	1.7	6.4	2.6	3.0	9.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Exports to:								
Arab countries	11.3	10.1	8.9	9.0	12.3	9.3	7.0	9.0
Eastern Europe	41.0	43.9	51.2	49.9	42.3	52.3	59.9	59.8
Western Europe	22.8	22.9	18.8	18.9	21.8	19.0	15.1	12.8
The Americas	4.1	6.9	4.9	2.9	2.5	2.7	1.5	1.8
Far East	18.1	13.4	14.7	15.3	15.0	14.2	13.4	14.2
Other	2.6	2.8	2.8	4.0	7.1	2.5	3.1	2.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Computations on the basis of data of the Public Agency for Mobilization and Statistics - Annual Bulletin of Foreign Trade - The Central Bank of Egypt and the General Organization for Trade.

Note: Percentages do not always add up because of rounding of the figures.

Table 3.8: TRADE BALANCES WITH PRINCIPAL WESTERN TRADING PARTNERS[1/]

(in millions of £E)

Country	1965	1966	1967	1968	1969	1970
France						
Exports to:	6.4	5.2	6.3	5.5	7.5	6.5
Imports from:	-21.1	-22.9	-15.7	-33.2	-28.5	-25.3
Balance	-14.7	-17.7	-9.4	-27.7	-21.0	-18.9
Germany, F.R.						
Exports to:	14.9	10.4	8.2	10.6	13.3	8.9
Imports from:	-38.3	-38.2	-24.0	-19.1	-19.3	-26.7
Balance	-23.4	-27.8	-15.8	-8.5	-6.0	-17.7
Italy						
Exports to:	11.6	10.5	9.5	9.1	12.7	11.0
Imports from:	-23.5	-19.2	-12.1	-14.5	-16.3	-22.6
Balance	-11.9	-8.7	-2.6	-5.4	-3.6	-11.6
Spain						
Exports to:	2.7	4.7	6.3	6.6	5.6	5.3
Imports from:	-6.4	-14.1	-11.5	-13.0	-13.3	-12.2
Balance	-3.7	-9.4	-5.2	-6.4	-7.7	-6.9
United Kingdom						
Exports to:	7.4	7.3	7.1	6.4	6.7	6.2
Imports from:	-20.7	-23.1	-13.0	-8.8	-12.1	-13.5
Balance	-13.3	-15.8	-5.9	-2.4	-5.4	-7.3
United States						
Exports to:	8.3	6.7	5.6	5.8	4.8	2.7
Imports from:	-82.0	-92.3	-30.2	-16.2	-19.6	-20.9
Balance	-73.7	-85.6	-24.6	-10.4	-14.8	-18.2
Total of above countries						
Exports to:	51.3	44.8	43.0	44.0	50.6	40.6
Imports from:	-192.0	-210.8	-106.5	-104.8	-109.1	-121.2
Balance	-140.7	-165.0	-63.5	-60.8	-58.5	-80.6
All countries						
Exports to	263.1	263.1	246.1	270.3	323.9	331.2
Imports from	405.9	465.5	344.4	289.6	277.2	342.0

1/ The import data are incomplete. They are derived from customs records, and do not include imports entering under the "temporary admission" procedure.

Table 3.9: TRADE BALANCES WITH PRINCIPAL EASTERN TRADING PARTNERS 1/

(in millions of LE)

Country	1965	1966	1967	1968	1969	1970
USSR						
Exports to:	56.7	62.0	61.3	76.0	107.0	122.4
Imports from:	-36.6	-40.7	-71.8	-46.2	-37.6	-41.5
Balance	20.1	21.3	-10.5	29.8	69.4	80.9
Czechoslovakia						
Exports to:	27.0	26.2	18.3	14.2	15.3	15.8
Imports from:	-13.8	-13.9	-10.7	-10.4	-8.9	-13.6
Balance	13.2	12.3	7.6	3.8	6.4	2.2
German Democratic Republic						
Exports to:	10.0	10.5	11.3	9.8	14.6	19.7
Imports from:	-10.4	-16.7	-14.3	-14.1	-12.2	-15.5
Balance	-.4	-6.2	-3.0	-4.3	2.4	4.2
Poland						
Exports to:	7.0	5.6	5.7	8.7	12.3	7.5
Imports from:	-4.6	-6.9	-7.6	-7.6	-6.0	-9.9
Balance	2.4	-1.3	-1.9	1.1	6.3	-2.4
Romania						
Exports to:	8.1	8.0	6.1	7.7	6.0	8.1
Imports from:	-6.2	-7.4	-18.7	-18.6	-5.5	-11.3
Balance	1.9	.6	-12.6	-10.9	.5	-3.2
China (mainland)						
Exports to:	19.6	14.1	8.2	7.2	6.1	7.7
Imports from:	-11.6	-17.5	-10.1	-8.9	-5.6	-6.7
Balance	8.0	-3.4	-1.9	-1.7	.5	1.0
Bulgaria						
Exports to:	2.7	2.5	3.3	3.	4.4	5.0
Imports from:	-1.9	-4.0	-4.4	-4.9	-4.0	-3.5
Balance	.8	-1.5	-1.1	-1.9	.4	1.5
Total of above countries						
Exports to:	131.1	128.9	114.2	126.6	165.7	186.2
Imports from:	-85.1	-107.1	-137.6	-110.7	-79.8	-102.0
Balance	46.0	21.8	-23.4	15.9	85.9	84.2

1/ The import data are incomplete. They are derived from customs records, and do not include imports entering under the "temporary admissions" procedure.

Table 3.10: EXPORTS OF RAW COTTON BY DESTINATION

Marketing season ended August 31	1966/67	1967/68	1968/69	1969/70	1970/71
Value (in millions of LE)	121.9	113.2	120.5	167.6	156.1
Unit value (in LE per kantar)	20.2	21.8	25.3	26.9	25.7
Volume (in thousand kantars)	6,043	5,194	4,760	6,438	6,073
Convertible currency areas	1,645	1,810	1,682	1,477	1,658
Austria	60	76	55	30	43
Belgium	37	44	35	80	27
France	197	213	204	187	169
Germany, Fed.Rep. of	166	267	291	137	254
Italy	362	327	287	304	289
Japan	423	472	524	484	578
Switzerland	127	99	91	59	78
United Kingdom	109	126	91	58	102
United States	122	141	10	37	33
Other	42	45	94	101	58
Under bilateral agreements	4,398	3,384	3,078	4,961	4,415
Mainland China	402	172	131	216	296
Czechoslovakia	481	363	265	349	427
Eastern Germany	162	95	49	88	74
Hungary	123	85	46	126	65
India	621	652	360	594	647
Poland	205	140	116	223	224
Rumania	209	247	179	298	224
Spain	204	364	246	124	112
U.S.S.R.	1,450	844	1,261	2,440	1,945
Yugoslavia	272	190	143	206	82
Other	269	232	282	297	298

Source: Egyptian Cotton General Organization.

Table 3.11: EXPORTS OF COTTON YARN AND TEXTILES, BY DESTINATION

(in tons)

I. COTTON TEXTILE EXPORTS

Destination	1964	1965	1966	1967	1968	1969	1970	1971
Arab League	4,155	3,916	6,343	5,491	6,344	6,102	6,857	7,628
Eastern Bloc	2,699	3,555	3,700	5,478	6,050	5,991	6,558	5,147
E.E.C.	691	674	1,523	1,266	1,711	2,373	1,791	2,151
E.F.T.A.	1,610	1,576	404	754	1,157	1,036	1,341	1,467
Dollar Zone	2,561	2,134	1,293	2,682	3,445	3,558	3,841	3,993
Other	1,579	2,641	1,348	1,264	1,467	2,914	2,353	1,795
Total	13,295	14,496	14,611	16,935	20,174	21,974	22,749	22,181

II. COTTON YARN EXPORTS

Destination	1964	1965	1966	1967	1968	1969	1970	1971
Arab League	1,297	1,362	1,029	708	762	1,489	1,756	2,692
Eastern Bloc	13,520	25,662	27,930	26,899	24,638	24,388	25,924	25,160
E.E.C.	7,740	7,029	4,485	2,305	4,625	8,324	6,504	4,154
E.F.T.A.	3,435	4,465	3,514	2,625	2,545	2,583	2,542	3,265
Dollar Zone	191	286	608	978	1,735	1,393	723	319
Other	1,407	2,352	3,171	4,461	4,971	9,541	5,992	6,613
Total	27,590	41,156	40,737	37,976	39,276	47,718	43,441	42,133

Source: The Central Agency for Public Mobilization and Statistics.

Table 3.12: PETROLEUM BALANCE OF PAYMENTS

(in million LE)

	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Exports 1/	15.7	16.3	7.2	13.1	27.2	32.0
Crude oil 2/	6.1	5.6	2.4	8.2	25.3	29.6
Petroleum products	9.7	10.7	4.7	4.9	1.9	2.4
Imports	28.9	30.4	33.9	29.4	43.4	49.5
Crude oil 3/	22.4	24.1	13.8	7.3	8.1	14.8
Petroleum products	6.5	6.3	20.1	22.1	35.2	34.7
Balance (Exports-Imports)	-13.2	-14.1	-26.7	-16.2	-16.2	-17.5
Crude oil	-16.4	-18.5	-11.3	+ 0.9	+17.2	+14.7
Petroleum products	+ 3.2	+ 4.5	-15.4	-17.1	-33.3	-32.3

1/ Export and Import data differ from those in tables 3.6 and 3.7

Exports (in million LE)	14.7	6.7	8.9	16.8	14.2
Imports (in million LE)	29.0	20.0	15.3	27.9	28.0
Balance (in million LE)	14.2	13.2	6.4	11.1	13.8

This difference is probably due to off-shore transactions which are not included in the custom data.

2/ Egyptian share only.

3/ Includes Partners' share purchased for local refineries.

Source: General Organization for Petroleum.

Table 3.13: BALANCES ON CLEARING AND OTHER ACCOUNTS

(in millions of LE)

End of Period	June				December			
	1968	1969	1970	1971	1968	1969	1970	1971
Developing Countries								
Algeria	1.5	2.6	4.5	4.5	1.7	3.6	4.1	4.4
Cameroon	-	-	-	-	0.1	-	-	-
Ceylon	-0.3	-0.7	-1.8	-4.2	-0.5	-1.5	-2.7	-3.2
Ghana	0.3	0.8	-0.4	-1.2	0.6	0.3	-1.0	-0.1
Greece	-1.7	-3.2	-4.6	-4.6	-3.4	-4.5	-4.8	-4.1
Guinea	1.8	1.8	1.9	1.9	1.9	1.9	1.9	1.9
India	-2.6	-0.7	-4.7	-2.3	-0.8	-3.5	-3.3	-2.6
Indonesia	1.0	1.4	1.4	1.5	1.0	1.4	1.4	1.5
Iraq	0.2	2.9	1.4	0.3	1.8	1.7	1.2	0.4
Jordan	-	-	-	0.2	-	-	--	0.4
Lebanon	-0.8	-0.7	-0.7	-2.0	-0.6	-0.9	-0.8	-1.8
Libya	0.7	-	-	-	0.2	-	-	-
Mali	5.4	4.8	5.4	5.6	5.2	5.2	5.5	5.7
Morocco	-0.3	0.2	0.3	-0.1	-0.3	0.2	0.3	-0.5
Saudi Arabia	-1.2	-0.8	-0.3	-	-1.0	-0.6	-	-2.2
Somalia	-0.6	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Spain	-5.9	-6.6	-7.6	-10.1	-5.9	-7.8	-8.8	-11.1
Sudan	-4.4	-3.2	-2.6	0.7	-3.4	-2.4	0.1	3.0
Syria	-4.2	-5.2	-4.7	1.6	-5.0	-5.5	-4.5	-0.6
Tunisia	-0.1	-0.1	0.1	0.2	-0.1	-	0.1	-
Yemen	-16.5	-16.6	-16.4	-16.6	-16.4	-16.5	-16.4	-16.4
Yugoslavia	-2.6	-2.6	-5.3	-6.4	-4.5	-4.7	-5.7	-6.9
Sub Total	-30.3	-26.3	-34.6	-35.1	-29.9	-34.1	-33.9	-34.4
Eastern Bloc								
Albania	-0.2	-0.1	-	-	-0.2	-0.2	-	-
Bulgaria	-0.6	-1.5	-	-1.6	-1.5	-0.2	-1.1	-0.9
China P.D.R.	-5.4	-7.4	-7.4	-5.0	-7.0	-10.0	-8.2	-7.2
Cuba	1.4	1.2	0.1	0.6	0.1	-0.3	-0.7	-0.4
Czechoslovakia	1.8	1.8	-0.3	-14.1	-1.5	-2.6	-7.2	-24.5
Eastern Germany	-1.3	-1.3	3.6	0.2	-3.5	0.4	0.2	-2.0
Hungary	1.1	0.5	1.3	-0.4	-	-0.2	1.2	-3.0
North Korea	-	-0.1	0.2	0.4	-0.1	-0.2	-0.1	0.3
Poland	-0.5	2.2	-	-2.2	-1.3	-	-4.2	-4.3
Rumania	-4.5	-0.5	1.2	-0.9	-1.7	-3.3	-1.3	-4.7
U.S.S.R.	-35.9	-37.0	-30.0	-45.5	-27.2	-31.7	-38.1	-59.3
North Vietnam	-0.1	-	-	-	-	-	-	-
Sub Total	-44.2	-42.2	-31.4	-68.4	-43.9	-48.3	-59.7	-106.0
Developed Countries								
Denmark	-0.1	-0.1	-0.3	-0.9	-0.1	-0.2	-0.7	-1.2
Switzerland	-0.4	-0.1	-0.1	-0.1	-0.2	-0.1	-	-
Sub Total	-0.5	-0.2	-0.4	-1.0	-0.3	-0.3	-0.7	-1.2
Others	-0.4	-0.1	-0.1	-0.1	-0.2	-0.1	-	-
Balances under loan agreements of past bilateral accounts	-32.9	-40.0	-36.4	-41.5	-39.8	-38.7	-46.7	-50.2
Grand Total	-108.3	-108.8	-102.9	-146.1	-114.1	-121.5	-141.0	-191.8

Source: Central Bank of Egypt

Table 3.14: FOREIGN EXCHANGE RESERVES

	1955	1960	1965	1966	1967	1968	1969	1970	1971
	(in million of U.S. $, End of Period)								
Assets									
A. Central bank reserves	617	264	193	156	195	168	145	167	154
Gold	174	174	139	93	93	93	93	93	85
Foreign exchange	443	90	54	63	102	75	52	74	61
SDR's	-	-	-	-	-	-	-	-	-
B. Commercial banks' assets	30	78	133	111	110	106	115	108	98
C. Subtotal (A + B)	647	342	326	267	305	274	260	275	252
D. Payments' agreement assets	30	112	115	157	65	111	123	101	112
E. Gross foreign assets (C + D)	677	454	441	424	370	385	383	376	364
Liabilities									
F. Central bank liabilities	56	286	516	581	604	626	638	725	931
Use of fund credit	-	30	95	70	74	72	51	49	71
Other liabilities 1/	56	256	421	511	530	554	587	676	860
G. Commercial banks' liabilities	9	17	123	150	148	149	162	186	201
H. Gross foreign liabilities (F + G)	65	303	639	731	752	775	800	911	1132
I. TOTAL NET FOREIGN ASSETS (E - H)	612	151	-198	-307	-382	-390	-417	-535	-768
	(in millions of LE) 2/								
Assets									
A. Central bank reserves	209	92	79	63	76	67	59	66	61
B. Commercial banks' assets	11	27	58	48	48	46	50	47	42
C. Subtotal (A + B)	220	119	137	111	124	113	109	113	103
D. Payments' agreement assets	11	39	40	55	23	39	43	35	39
E. Gross foreign assets (C + D)	231	158	177	166	147	152	152	148	142
Liabilities									
F. Central bank liabilities 1/	20	100	180	203	210	218	222	253	325
G. Commercial banks' liabilities	3	6	54	65	64	65	71	81	87
H. Gross foreign liabilities (F + G)	23	106	234	268	274	283	293	334	412
I. TOTAL NET FOREIGN ASSETS (E - H)	208	52	-57	-102	-127	-131	-141	-186	-270

1/ Including payment agreement liabilities.
2/ The conversion rate between U.S. dollars and Egyptian pound is taken at the official rate, (LE1 = US $2.30) for gold assets of the Central Bank and for all assets and liabilities of commercial banks. The parity rate (LE1 = US $2.87) was used for assets excluding gold and for all liabilities of the Central Bank.

Source: IMF, International Financial Statistics, May 1972; IMF, International Financial Statistics, Supplement 1971 and Central Bank of Egypt.

CONFIDENTIAL

08/17/72

TABLE 4.1 - ARAB REP. OF EGYPT

EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

CREDITOR COUNTRY TYPE OF CREDITOR	DEBT OUTSTANDING DECEMBER 31, 1971 DISBURSED	UNDIS- BURSED	TOTAL
AUSTRIA	441	-	441
DENMARK	1,716	-	1,716
FRANCE	11,822	-	11,822
GERMANY (FED.REP.OF)	37,535	367	37,902
INDIA	13,358	1,237	14,595
ITALY	3,766	-	3,766
JAPAN	8,784	1,729	10,513
NETHERLANDS	806	-	806
SWEDEN	18,079	-	18,079
SWITZERLAND	676	-	676
UNITED KINGDOM	4,230	3,169	7,399
USA	32	-	32
SUPPLIERS	101,245	6,502	107,747
GERMANY (FED. REP. OF)	11,791	-	11,791
ITALY	1,811	-	1,811
KUWAIT	39,520	-	39,520
SWITZERLAND	1,600	-	1,600
PRIVATE BANKS	54,722	-	54,722
ITALY	3,744	-	3,744
NATIONALIZATION	3,744	-	3,744
ITALY	3,095	-	3,095
OTHER PRIVATE FINANCIAL INST.	3,095	-	3,095
IBRD	16,500	-	16,500
IDA	171	25,829	26,000
LOANS FROM INTL. ORGANIZATIONS	16,671	25,829	42,500
AUSTRALIA	35,089	-	35,089
BULGARIA	202	-	202
CANADA	19,086	-	19,086
CHINA, PEOPLES REP. OF	17,886	-	17,886
CZECHOSLOVAKIA	45,647	8,447	54,094
DENMARK	3,583	-	3,583
GERMANY (EAST)	29,249	35,719	64,968
GERMANY (FED. REP. OF)	106,445	3,124	109,569
HUNGARY	4,112	13,094	17,206
INDIA	1,560	165	1,725
ITALY	122,153	-	122,153

TABLE 4.1 - ARAB REP. OF EGYPT

EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

CREDITOR COUNTRY TYPE OF CREDITOR	DEBT OUTSTANDING DECEMBER 31, 1971 DISBURSED	UNDIS- BURSED	TOTAL
JAPAN	14,676	-	14,676
KUWAIT	130,820	-	130,820
MEXICO	16,611	-	16,611
NETHERLANDS	1,318	-	1,318
POLAND	17,738	5,139	22,877
RUMANIA	12,346	7,291	19,637
SPAIN	-	35,000	35,000
UNITED KINGDOM	20,217	-	20,217
USA	204,823	-	204,823
USSR	380,154	225,764	605,918
YUGOSLAVIA	7,969	21,463	29,432
LOANS FROM GOVERNMENTS	1,191,684	355,206	1,546,890
TOTAL EXTERNAL PUBLIC DEBT 1)	1,371,161	387,537	1,758,698

NOTE: DEBT WITH A MATURITY OF OVER ONE YEAR

1) EXCLUDES THE FOLLOWING:	AMOUNT
UNCOMMITTED PARTS OF FRAME AGRMTS:	
CHINA, PEOPLES REP. OF	75,647
CZECHOSLOVAKIA	80,537
GERMANY (EAST)	38,975
HUNGARY	1,569
POLAND	7,102
RUMANIA	2,509
USSR	108,755
LOANS FROM GOVERNMENTS	315,094
TOTAL	315,094
INTEREST IN ARREARS:	
GERMANY (FED. REP. OF)	2,175
SUPPLIERS	2,175
GERMANY (FED. REP. OF)	747

CONFIDENTIAL

08/17/72

TABLE 4.1 ARAB REP. OF EGYPT

EXTERNAL PUBLIC DEBT OUTSTANDING AS OF DECEMBER 31, 1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

CREDITOR COUNTRY TYPE OF CREDITOR	AMOUNT
PRIVATE BANKS	747
GERMANY (FED. REP. OF)	3,982
ITALY	4,371
JAPAN	798
MEXICO	1,962
USA	573
LOANS FROM GOVERNMENTS	11,686
TOTAL	14,608
INCLUDES PRINCIPAL IN ARREARS:	
GERMANY (FED. REP. OF)	13,581
USA	16
SUPPLIERS	13,597
GERMANY (FED. REP. OF)	4,965
PRIVATE BANKS	4,965
ITALY	1,048
NATIONALIZATION	1,048
GERMANY (FED. REP. OF)	19,021
ITALY	18,636
JAPAN	3,670
MEXICO	2,768
USA	1,684
LOANS FROM GOVERNMENTS	45,779
TOTAL	65,389

ECONOMIC AND SOCIAL DATA DIVISION
ECONOMIC PROGRAM DEPARTMENT
AUGUST 21, 1972

CONFIDENTIAL

TABLE 4.2- ARAB REP. OF EGYPT 08/17/72

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

TOTAL

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD: DISBURSED ONLY (1)	DEBT OUTSTANDING BEGINNING OF PERIOD: INCLUDING UNDISBURSED (2)	TRANSACTIONS DURING PERIOD: COMMIT- MENTS (3)	TRANSACTIONS DURING PERIOD: DISBURSE- MENTS (4)	SERVICE PAYMENTS: PRINCIPAL (5)	SERVICE PAYMENTS: INTEREST (6)	SERVICE PAYMENTS: TOTAL (7)	CANCEL- LATIONS, ADJUST- MENTS (8)
1967	1,468,802	1,860,548	182,299	162,762	134,442	30,309	164,751	-11,278
1968	1,503,568	1,897,127	79,396	126,353	126,457	26,335	152,792	-1,629
1969	1,499,190	1,848,437	124,696	92,237	175,943	33,841	209,784	-14,071
1970	1,418,406	1,783,119	181,868	121,186	213,352	37,776	251,128	-75
1971	1,326,134	1,751,530	112,118	192,451	214,655	39,586	254,241	44,316
1972	1,305,771	1,693,308	-	141,737	255,776	58,181	313,957	-25,722
1973	1,186,674	1,411,810	-	94,042	222,674	39,408	262,082	-
1974	1,057,819	1,188,913	-	55,435	192,697	30,917	223,614	-
1975	920,557	996,219	-	38,582	159,321	23,727	183,047	-
1976	799,522	836,898	-	17,558	146,678	22,385	169,064	-
1977	670,802	690,220	-	14,691	129,774	18,571	148,346	-
1978	555,719	560,446	-	4,267	123,021	14,544	137,565	-
1979	436,965	437,428	-	329	94,339	10,900	105,239	-
1980	342,955	343,087	-	120	81,577	7,919	89,496	-
1981	261,500	261,511	-	9	66,949	5,720	72,669	-
1982	194,560	194,560	-	-	31,976	3,891	35,868	-
1983	162,584	162,584	-	-	29,837	3,063	32,900	-
1984	132,747	132,747	-	-	25,901	2,323	28,223	-
1985	106,843	106,843	-	-	21,969	1,752	23,721	-
1986	84,874	84,874	-	-	21,537	1,268	22,805	-

TABLE 4.2- ARAB REP. OF EGYPT

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

SUPPLIERS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD: DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	TRANSACTIONS DURING PERIOD: COMMIT-MENTS (3)	DISBURSE-MENTS (4)	SERVICE PAYMENTS: PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	CANCEL-LATIONS, ADJUST-MENTS (8)
1967	219,685	243,780	5,168	16,350	66,811	12,461	79,272	-3,541
1968	165,756	178,596	20,020	16,549	37,217	4,857	42,074	-927
1969	147,651	160,472	52,366	19,111	55,161	6,359	61,520	2,513
1970	106,600	160,190	27,036	40,057	52,028	5,646	57,674	-12
1971	94,587	135,156	4,213	37,608	36,206	3,108	39,314	-9,013
1972	87,648	94,150	-	5,949	27,411	4,216	31,627	-
1973	66,186	66,739	-	552	24,747	3,004	27,751	-
1974	41,991	41,992	-	-	14,965	1,858	16,822	-
1975	27,026	27,027	-	-	9,924	1,158	11,082	-
1976	17,103	17,104	-	-	6,676	692	7,368	-
1977	10,427	10,428	-	-	4,074	397	4,471	-
1978	6,353	6,353	-	-	2,857	219	3,076	-
1979	3,497	3,497	-	-	1,520	105	1,625	-
1980	1,976	1,976	-	-	1,495	59	1,554	-
1981	482	482	-	-	482	14	496	-

TABLE 4.2- ARAB REP. OF EGYPT 08/17/72

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

PRIVATE BANKS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD: DISBURSED ONLY (1)	DEBT OUTSTANDING BEGINNING OF PERIOD: INCLUDING UNDISBURSED (2)	TRANSACTIONS DURING PERIOD: COMMIT-MENTS (3)	DISBURSE-MENTS (4)	SERVICE PAYMENTS: PRINCIPAL (5)	SERVICE PAYMENTS: INTEREST (6)	SERVICE PAYMENTS: TOTAL (7)	CANCEL-LATIONS, ADJUST-MENTS (8)
1967	62,000	62,000	12,800	12,800	4,062	126	4,188	-
1968	70,738	70,738	-	-	5,300	2,368	7,668	-1
1969	65,437	65,437	2,000	-	10,454	2,835	13,289	1,623
1970	56,606	58,606	-	2,000	6,456	1,056	7,512	-
1971	52,150	52,150	-	-	2,103	240	2,343	-290
1972	49,757	49,757	-	-	14,182	7,057	21,239	-
1973	35,575	35,575	-	-	7,415	2,125	9,540	-
1974	28,160	28,160	-	-	4,960	1,739	6,699	-
1975	23,200	23,200	-	-	4,960	1,436	6,396	-
1976	18,240	18,240	-	-	4,560	1,167	5,727	-
1977	13,680	13,680	-	-	4,560	900	5,460	-
1978	9,120	9,120	-	-	4,560	657	5,217	-
1979	4,560	4,560	-	-	4,560	559	5,119	-

TABLE 4.2- ARAB REP. OF EGYPT 08/17/72

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31,1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM INTL. ORGANIZATIONS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					
	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMIT-MENTS (3)	DISBURSE-MENTS (4)	SERVICE PAYMENTS PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	CANCEL-LATIONS, ADJUST-MENTS (8)
1968	35,500	35,500	-	-	4,000	2,093	6,093	-
1969	31,500	31,500	-	-	4,000	1,830	5,830	-
1970	27,500	27,500	26,000	-	5,500	1,647	7,147	-
1971	22,000	48,000	-	171	5,500	1,306	6,806	-
1972	16,671	42,500	-	4,984	5,500	915	6,415	-
1973	16,155	37,000	-	7,032	5,500	629	6,129	-
1974	17,687	31,500	-	5,455	5,500	350	5,850	-
1975	17,642	26,000	-	3,608	-	140	140	-
1976	21,250	26,000	-	2,241	-	164	164	-
1977	23,491	26,000	-	1,325	-	179	179	-
1978	24,816	26,000	-	726	-	188	188	-
1979	25,542	26,000	-	329	130	192	322	-
1980	25,741	25,870	-	120	260	193	453	-
1981	25,601	25,610	-	9	260	192	452	-
1982	25,350	25,350	-	-	260	190	450	-
1983	25,090	25,090	-	-	260	188	448	-
1984	24,880	24,830	-	-	260	186	446	-
1985	24,570	24,570	-	-	260	184	444	-
1986	24,310	24,310	-	-	260	182	442	-

TABLE 4.2 - ARAB REP. OF EGYPT 08/17/72

EXTERNAL PUBLIC DEBT AS OF DECEMBER 31, 1971

DEBT REPAYABLE IN FOREIGN CURRENCY

IN THOUSANDS OF U.S. DOLLARS

LOANS FROM GOVERNMENTS

YEAR	DEBT OUTSTANDING BEGINNING OF PERIOD		TRANSACTIONS DURING PERIOD					CANCEL- LATIONS, ADJUST- MENTS (8)
	DISBURSED ONLY (1)	INCLUDING UNDISBURSED (2)	COMMIT- MENTS (3)	DISBURSE- MENTS (4)	SERVICE PAYMENTS PRINCIPAL (5)	INTEREST (6)	TOTAL (7)	
1967	1,159,932	1,527,583	164,331	133,612	53,340	16,584	69,924	-45,237
1968	1,212,618	1,593,337	59,376	109,804	79,940	17,017	96,957	-701
1969	1,235,646	1,572,072	69,799	72,595	100,586	22,817	123,403	-18,207
1970	1,213,955	1,523,078	128,832	79,129	143,626	29,427	173,053	-63
1971	1,149,394	1,508,221	104,991	151,758	166,568	34,866	201,434	54,467
1972	1,145,904	1,501,110	-	130,803	206,105	45,707	251,812	-25,722
1973	1,065,545	1,269,283	-	86,459	184,933	33,364	218,297	-
1974	966,847	1,084,127	-	49,980	164,138	26,828	190,966	-
1975	852,689	919,992	-	34,974	144,437	20,992	165,429	-
1976	743,330	775,555	-	15,317	135,442	20,362	155,804	-
1977	623,204	640,112	-	13,366	121,140	17,096	138,236	-
1978	515,430	518,971	-	3,541	115,604	13,481	129,085	-
1979	403,367	403,370	-	-	88,129	10,044	98,173	-
1980	315,238	315,241	-	-	79,822	7,667	87,489	-
1981	235,417	235,419	-	-	66,208	5,514	71,721	-
1982	169,210	169,210	-	-	31,716	3,702	35,418	-
1983	137,494	137,494	-	-	29,577	2,876	32,452	-
1984	107,917	107,917	-	-	25,641	2,137	27,777	-
1985	82,273	82,273	-	-	21,709	1,568	23,277	-
1986	60,564	60,564	-	-	21,277	1,086	22,363	-

ECONOMIC AND SOCIAL DATA DIVISION
ECONOMIC PROGRAM DEPARTMENT

Table 4.3: TERMS OF DEBTS CONTRACTED IN 1967-71

	1967	1968	1969	1970	1971
			Total		
Interest (%)	2.5	3.4	6.4	5.0	6.0
Grace (years)	1.7	2.1	1.8	2.7	3.4
Maturity (years)	9.2	8.9	6.8	12.6	8.0
Grant element for a discount rate of 10% (in %)	31	27	13	26	17
			Loans from Governments		
Interest (%)	2.4	3.0	6.0	5.7	5.8
Grace (years)	1.6	1.9	2.1	1.4	3.5
Maturity (years)	9.6	9.8	7.4	5.6	8.2
Grant element for a discount rate of 10% (in %)	32	30	15	13	18
			Suppliers Credits		
Interest (%)	4.3	3.9	6.4	6.3	6.8
Grace (years)	2.5	2.3	1.7	1.0	1.5
Maturity (years)	4.3	7.1	6.5	3.6	5.6
Grant element for a discount rate of 10% (in %)	16	23	12	8	9

Source: External Debt Section, I.B.R.D.

Table 5.1: CENTRAL GOVERNMENT CURRENT EXPENDITURE 1/

(LE million)

	1963/64 Actual	1964/65 Actual	1965/66 Actual	1966/67 Actual	1967/68 Actual	1968/69 Actual	1969/70 Actual	1970/71 Actual	1971/72 Budget
Organizational Services									
Defense 2/	176.8	213.5	175.0	166.7	223.8	267.6	386.1	422.9	464.1
of which Emergency Fund (70%)	-	-	-	-	42.0	89.6	89.0	184.8	208.6
Security and Justice	37.3	39.1	41.0	42.0	43.2	46.1	48.8	51.0	55.8
Others 2/	24.4	25.8	25.4	28.8	45.4	65.3	110.8	107.7	121.0
Subtotal	238.5	278.4	241.4	237.5	312.4	379.0	545.7	581.6	640.9
Economic and Social Services									
Agriculture	9.7	11.2	11.4	11.8	14.8	16.1	17.5	19.2	21.5
Irrigation and Drainage	14.1	13.8	16.8	16.7	17.7	19.7	19.8	20.4	29.2
Education	82.0	91.7	90.0	99.8	103.4	107.8	117.0	125.6	136.3
Health	20.9	24.2	23.3	29.4	31.8	35.0	37.6	39.7	42.5
Transport and Communication	10.2	9.3	9.7	10.7	3.4	7.5	9.2	9.1	10.4
Culture	11.2	12.3	12.2	10.5	12.0	9.5	13.2	14.3	19.0
Others	29.4	37.0	63.2	50.9	37.1 4/	35.8	40.0	44.4	64.3
Subtotal	177.5	199.5	226.6	229.8	220.2	231.6	254.3	272.7	323.2
Other Expenditures									
Domestic Debt Service	28.7	35.2	40.5	64.0	17.2 3/	6.1	5.7	5.6	4.5
Pensions and Remunerations 6/	15.8	17.6	19.6	21.7	25.2	26.5	29.3	37.1	42.5
Cost of Living Subsidies 8/	32.4	45.0	51.0	46.2	41.0	8.0	-	-	-
Subtotal	76.9	97.8	111.1	131.9	83.4	40.6	35.0	42.7	47.0
Settlement of Arrears	-	-	105.7	65.0	-	-	-	-	-
TOTAL CURRENT EXPENDITURE	492.9	575.7	684.8	664.2	616.0	651.2	835.0	897.0	1011.0
Memo Item:									
Emergency Fund 2/	-	-	-	-	60.0 5/	128.0	270.0	264.0	298.0
Total Central Government Expenditure 7/	862.3	869.9	985.0	934.2	883.1	963.5	1187.4	1255.3	1361.0

1/ Includes operations of the Emergency Fund.
2/ The Emergency Fund has been classified as current expenditure (even though some of its expenditures might be considered as investments). While the specific allocation of the Emergency Fund is not known, it has been created for financing defense expenditures; however, some of its expenditures are reportedly devoted to other purposes (resettlement of refugees, general infrastructure). For purposes of classification it has been assumed in this table that 70 percent of the Emergency Fund is devoted to defense; the remaining 30 percent are classified under "Others". Data concerning the Emergency Fund are not actuals b but budget data.
3/ No longer including repayment of principal, as in the past.
4/ Excluding LE 60 million for "emergency appropriations" which in later years were financed through the Emergency Fund.
5/ Classified in official figures under "Others", see footnote 4 of this table.
6/ Pensions and remunerations to Treasury employees who were covered under the pre-1956 Treasury Pension Plan.
7/ Including investment expenditure.
8/ Reported on a gross basis through 1967/68, thereafter on a net basis.

Source: Ministry of Treasury.

Table 5.2: CENTRAL GOVERNMENT REVENUES

(LE million)

	1963/64 Actual	1964/65 Actual	1965/66 Actual	1966/67 Actual	1967/68 Actual	1968/69 Actual	1969/70 Actual	1970/71 Actual	1971/72 Budget
A. ORDINARY REVENUES									
Tax Revenues									
Taxes on immovable property	7.6	6.7	7.1	10.2	9.5	13.8	16.1	16.8	22.9
Personal income taxes	14.5	16.9	18.4	21.2	21.6	23.0	26.1	28.2	27.2
Business profit taxes	32.8	53.8	70.5	93.0	68.5	87.9	104.3	115.3	100.9
Estate duties	3.6	2.0	2.1	2.0	2.2	2.2	2.7	2.4	2.7
Excise on consumption duties 1/	49.6	48.5	45.9	115.0	127.5	145.1	161.4	173.9	167.9
Custom duties	144.3	164.5	172.2	154.2	144.3	134.0	173.9	196.3	171.9
Stamps duties	11.0	14.3	17.0	15.3	24.3	28.0	31.7	34.3	33.0
Other	8.5	10.6	8.6	12.1	16.1	17.3	7.7	5.0	4.7
Subtotal	271.9	317.3	341.8	423.0	414.0	451.3	523.9	572.2	531.2
Non-Tax Revenues									
Services revenues	43.4	36.9	54.1	67.7	17.4	16.8	22.1	24.3	27.0
Miscellaneous receipts	53.6	76.1	77.8	105.9	52.6	65.4	72.0	38.9	63.9
Subtotal	97.0	113.0	131.9	173.6	70.0	82.2	94.1	63.2	90.9
TOTAL	368.9	430.3	473.7	596.6	484.0	533.5	618.0	635.4	622.1
B. EXTRAORDINARY REVENUES 2/	--	--	--	--	60.0	128.0	270.0	264.0	298.0
C. TOTAL REVENUES (A+B)	368.9	430.3	473.7	596.6	544.0	661.5	888.0	899.4	920.1
D. TOTAL CURRENT EXPENDITURES	492.9	575.7	684.8	663.0	616.0	651.2	835.0	897.0	1011.0
SURPLUS (+), DEFICIT (-) (C - D)	-61	-145.4	-211.1	-66.4	-72.0	+10.3	+53.0	+ 2.4	-91.0

1/ From 1966/67 onwards it includes revenues from "price differentials", a specific levy on certain consumer durables introduced in 1965.

2/ Emergency Fund revenues which include replacement of Suez Canal dues under the Khartoum Agreement, other Arab assistance and a small but undetermined amount of local resources.

Source: Ministry of Treasury.

Table 5.3: PUBLIC SECTOR INVESTMENTS

(LE million)

	1963/64 Actual	1964/65 Actual	1965/66 Actual	1966/67 Actual	1967/68 Actual	1968/69 Actual	1969/70 Actual	1970/71 Actual	1971/72 Budget
Commodity sectors									
Agriculture) Irrigation & Drainage)	48.6	43.2	49.1	47.5	35.0	31.3	29.0	29.8	38.0
High Dam	62.9	47.8	59.8	57.2	45.5	27.1	13.2	7.3	0.9
Electricity	18.8	19.8	27.4	24.2	17.9	16.8	19.1	18.9	24.1
Industry	109.8	80.2	63.8	41.5	93.7	118.9	140.8	155.7	121.6
Subtotal	240.1	191.0	200.1	170.4	192.1	194.1	202.1	211.7	184.6
Distribution sectors									
Transport & Communication	20.2	20.3	22.8	14.6	24.9	43.3	35.9	33.2	50.7
Suez Canal	5.6	7.1	5.3	8.0	3.9	1.8	1.6	1.3	1.4
Trade & Finance	3.3	2.2	2.1	1.3	1.1	2.3	3.7	2.9	3.2
Subtotal	29.1	29.6	30.2	23.9	29.9	47.4	41.2	37.4	55.3
Services sectors									
Housing) Public Utilities)	16.5	12.8	16.4	13.2	6.3	7.6	17.1	20.4	17.2
Other services (Health, Culture & Tourism, Supply & Storage)	16.6	13.4	13.1	6.5	6.8	8.2	11.4	11.5	8.8
Services Budget Investments 1/	67.1	47.4	40.4	42.6	32.0	55.0	58.5	48.4	51.1
Subtotal	100.2	73.6	69.9	62.3	45.1	70.8	87.0	80.3	77.1
Unspecified Allocation	-	-	-	14.6	-	-	22.1	28.9	33.0
TOTAL	369.4	294.2	300.2	271.2	267.1	312.3	352.4	358.3	350.0

1/ Including investments of governorates.

Source: Ministry of Treasury

Table 5.4: FINANCING CAPITAL EXPENDITURE, BUDGET DEFICITS AND DEBT SERVICE 1/

(£E million)

	1967/68 Actual	1968/69 Actual	1969/70 Actual	1970/71 Actual	1971/72 Budget
A. **Uses**					
1. Public Investment	267.1	312.3	352.4	358.3	350.0
2. Current Deficit of Central Gov't Services Budget	72	-	-	-	91.0
Current Deficit of Public Auth. & Econ. Organizations	14.6	6.4	-	-	-
3. Foreign Debt Service 2/	34.0	45.2	58.3	56.8	68.6
4. Others	-	-	45.3	33.9	-
TOTAL	387.7	363.9	456.0	449.0	509.6
B. **Sources**					
1. Domestic Resources					
Current Surplus of Central Govt. Budget	-	10.3	53.0	2.4	-
Current Surplus of Local Govt. Budget	15.6	9.1	17.1	11.6	10.8
Current Surplus of Public Auth. & Econ. Org.	-	-	29.9	44.8	54.3
Depreciation of Public Auth. & Econ. Org.	78.5 4/	61.6 4/	36.0	40.0	43.4
Surplus of Social Insurance & Pension Funds	144.9	151.0	159.1	187.7	187.2
Savings Certificates	13.6	15.3	22.0	22.1	18.0
Postal savings	0.9	4.9	4.8	3.3	3.6
2. Central Bank Financing	49.9	48.0	80.0	78.0	80.0
3. Miscellaneous Receipts 5/	26.1	32.0	11.2	4.0	43.3
4. External Resources 3/	58.2	31.7	42.9	55.1	69.0
TOTAL	387.7	363.9	456.0	449.0	509.6

1/ Operations of the Emergency Fund are included in the Current Budget, see Tables 5.1 and 5.2.
2/ Foreign debt service of public enterprises is excluded.
3/ Excludes external assistance from the Khartoum Agreement and Arab Aid.
4/ Includes depreciation of economic enterprises which in later years is excluded.
5/ Includes profits from foreign currency operations of Central Bank, retentions from the 25 percent share of wage and salary earners in profits of state organizations and enterprises, capital revenues of services budget and other less important items; for the remaining part this is a residual in this table.

Table 6.1: SUMMARY OF FACTORS AFFECTING LIQUIDITY

(in millions of LE)

Changes During Period	Fiscal Years					July-December		
	1966/67	1967/68	1968/69	1969/70	1970/71	1969	1970	1971
Money and quasi-money	18.5	-8.4	71.2	100.8	-1.9	62.6	19.9	58.7
Money	1.5	-19.5	37.4	73.7	13.9	58.2	21.3	70.8
Quasi-money	17.0	11.1	33.8	27.1	-15.9	4.4	-1.4	-12.1
Foreign assets (net)	-9.1	-51.2	1.1	7.2 1/	-103.5 1/	-34.4	-86.0	-65.7
Domestic assets (net)	27.6	42.8	70.1	93.6 1/	101.6 1/	97.0	105.9	124.4
Claims on Government (net)	71.5	28.2	36.4	92.9	81.5	26.7	46.6	93.7
Claims on nongovernment sector 2/	-21.9	29.6	30.1	21.2	34.7	83.5	66.7	58.5
Other items (net)	-22.0	-15.0	3.6	-20.5 1/	-14.6 1/	-13.2	-7.4	-27.8
Changes in percent								
Money and quasi-money	2	-1	8	10	0	6	2	5
Domestic assets (net)	3	4	7	8	8	9	9	10
Claims on nongovernment sector	-6	8	7	5	8	19	15	12

1/ Includes the effects of the January 1970 and 1971 allocation of SDR 25.2 million and SDR 20.1 million, equivalent to LE 8.8 million and LE 7.0 million respectively (at par value). The SDR allocation improved the net external position and exaggerated the contractionary effect of "other items (net)."

2/ Including affiliated companies.

Source: Based on data provided by the Central Bank of Egypt.

Table 6.2: CREDIT TO NONGOVERNMENT SECTOR

(in millions of LE)

Changes During Period	Fiscal Years					July-December		
	1966/67	1967/68	1968/69	1969/70	1970/71	1969	1970	1971
Agricultural banks	-29.7	3.4	12.2	7.6	-3.2	-31.7	-36.2	-41.0
Other specialized banks	4.2	1.9	2.6	3.0	9.2	1.0	3.3	4.6
Cotton financing	-11.6	-2.0	-0.4	1.5	-1.1	89.5	75.5	70.1
Rice financing	0.9	2.7	7.7	5.9	-0.2	21.7	13.3	17.7
Affiliated companies 1/	17.0	18.5	-24.8	9.7	25.5	9.8	12.8	8.0
Private sector and cooperatives	-2.7	5.1	32.8	-6.5	4.6	-6.8	-2.0	-0.8
Total	-21.9	29.6	30.1	21.2	34.8	83.5	66.7	58.6

1/ Excluding those handling cotton and rice.

Source: Based on data provided by the Central Bank of Egypt.

Table 6.3 (concluded): MONETARY SURVEY

(in millions of LE)

End of Month	1966 Dec.	1967 June	1967 Dec.	1968 June	1968 Dec.	1969 June	1969 Dec.	1970 June	1970 Dec.	1971 June	1971 Dec. 1/
LIABILITIES											
Money supply	681.7	669.3	705.4	649.8	720.2	687.2	745.4	760.9	782.2	774.8	845.6
Central Bank notes	432.2	417.1	434.5	401.0	444.9	420.5	480.4	459.4	509.4	490.4	543.2
Treasury currency and coins	15.5	15.5	15.5	14.9	14.9	14.9	14.9	14.9	14.9	14.9	14.9
Demand deposits	234.0	236.7	255.4	233.3	260.4	251.8	250.1	286.6	257.9	269.5	287.5
Private sector and cooperatives	(120.7)	(111.0)	(118.0)	(110.0)	(121.0)	(116.7)	(123.7)	(126.1)	(135.7)	(135.8)	(153.1)
Affiliated companies	(108.8)	(115.9)	(124.5)	(122.4)	(132.6)	(134.1)	(125.3)	(158.9)	(113.7)	(132.6)	(123.1)
Specialized banks	(4.5)	(9.8)	(12.9)	(0.9)	(6.8)	(1.0)	(1.1)	(1.6)	(8.5)	(1.1)	(11.3
Quasi-money	254.4	273.0	275.5	284.1	290.2	317.8	322.4	345.0	343.6	329.2	317.1
Time and savings deposits,	178.7	199.8	206.5	216.3	219.9	247.6	249.9	271.1	267.1	249.5	236.0
of which: affiliated companies	(74.3)	(78.2)	(91.5)	(99.3)	(106.0)	(133.9)	(135.1)	(148.5)	(136.7)	(112.1)	(93.9)
Post Office savings deposits	75.7	73.2	69.0	67.8	70.3	70.3	72.5	73.9	76.5	79.7	81.1
Government deposits	102.5	96.6	106.3	107.8	98.9	112.8	102.0	122.0	119.9	137.5	143.8
Counterpart funds	130.7	131.7	131.4	135.2	143.4	144.6	145.7	147.2	145.8	149.1	150.1
Capital accounts	83.8	85.6	90.0	95.1	97.7	96.5	101.8	102.4	103.3	107.0	113.2
Unclassified liabilities (netted for interbank float)	44.1	43.3	52.0	49.7	58.2	42.3	61.5	67.0	77.2	89.7	113.4
Liabilities = Assets	1,297.2	1,299.5	1,360.6	1,321.7	1,408.6	1,401.3	1,478.8	1,544.5	1,572.0	1,587.3	1,683.2

1/ Provisional
2/ Includes public authorities and Treasury IMF accounts.

Source: Central Bank of Egypt.

Table 7.1: ACREAGE OF MAJOR CROPS

(In thousands of feddans)

Crop Year Ended October 31	1952	1960	1965	1966	1967	1968	1969	1970	1971	1972
Winter crops 1/, of which:	4,364	4,808	4,624	4,739	4,776	4,929	4,849	4,836	4,871	
Clover (Berseem)	2,202	2,414	2,493	2,532	2,716	2,679	2,726	2,747	2,770	
Wheat	1,402	1,456	1,145	1,291	1,245	1,413	1,246	1,304	1,349	1,239
Horse beans	355	377	433	398	300	306	338	330	288	335
Barley	137	148	125	98	107	117	103	83	70	94
Onions	26	49	51	58	42	39	56	33	37	
Vegetables	63	126	144	147	148	172	181	174	175	
Summer crops 2/, of which:	3,026	3,533	4,697	4,794	4,857	4,945	5,049	5,052	5,012	
Cotton	1,967	1,873	1,900	1,859	1,626	1,464	1,622	1,627	1,525	
Rice (paddy)	362	695	842	841	1,072	1,199	1,187	1,140	1,135	
Maize	27	128	931	1,053	1,095	1,169	1,143	1,153	1,170	
Millet (sorghum)	378	387	441	463	482	486	438	465	462	
Sugarcane	92	111	129	133	137	156	170	186	193	
Vegetables	118	241	304	325	325	342	343	333	335	
Nili crops 3/, of which:	1,824	1,898	762	760	622	646	601	616	610	
Maize	1,677	1,698	520	522	390	385	341	351	351	
Millet (sorghum)	55	67	59	55	40	46	36	36	32	
Rice (paddy)	12	11	6	3	3	5	5	3	2	
Vegetables	71	117	160	162	155	182	191	198	197	
Fruit, of which:	94	131	178	195	207	225	233	243	249	
Citrus	40	67	104	118	128	136	137	141	143	
Total cropped area	9,308	10,370	10,261	10,488	10,462	10,745	10,732	10,747	10,742	

1/ Other winter crops include other pulses and flax.
2/ Other summer crops include groundnuts and sesame.
3/ The term "Nili" refers to the former flood period in July and August (short season summer crops).

Sources: Ministry of Agriculture and Statistical Abstract of the UAR (various issues).

Table 7.2: CROPPED AREA BY SEASON: CHANGING PATTERN

Season	Area Cropped ('000 Feddans) 1952	Area Cropped ('000 Feddans) 1971	Average Annual Charge In Area Cropped ('000 Feddans) 1952-60	1969-65	1965-69	1969-71	% Charge in Area Cropped Over Period: 8 Years 1952-60	5 Years 1960-65	4 Years 1965-69	2 Years 1969-71	% Gross Value of Crop Production (Current Prices) 1952	1960	1965	1969
Winter	4,364	4,871	55	- 37	56	11	10.2	- 3.8	4.9	0.4	33 1/	29 1/	32 1/	
Summer	3,026	5,012	63	233	88	-19	16.7	23.3	7.5	-0.7	47 1/	49 1/	46 1/	
Nili	1,824	610	9	-227	-40	4	4.0	-59.8	-21.1	0.15	10 1/	10 1/	3 1/	
Orchard	94	249	4	9	13	9	39.4	35.9	30.3	7.3	10 2/	12 2/	19 2/	20 2/
Total	10,750	10,742	133	- 22	118	5	11.2	- 2.2	4.6	0.1	100	100	100	100

1/ Excluding vegetable crops.
2/ Including vegetable crops.

Source: Ministry of Agriculture

Table 7.3: PRODUCTION OF MAJOR CROPS

(In thousands of metric tons)

Crop Year Ended October 31	1952	1960	1965	1966	1967	1968	1969	1970	1971
Cotton									
Raw (unginned)	1,296	1,380	1,501	1,289	1,208	1,210	1,480	1,404	1,418
Ginned (lint)	446	478	521	455	437	437	541	509	510
Cottonseed	842	888	961	820	758	758	921	885	935
Cereals									
Rice (paddy)	491	1,485	1,788	1,679	2,279	2,586	2,557	2,605	2,534
Maize	1,506	1,691	2,141	2,166	2,163	2,297	2,366	2,393	2,342
Wheat	1,089	1,499	1,272	1,465	1,291	1,518	1,269	1,516	1,729
Millet (sorghum)	522	603	806	858	881	906	813	874	854
Barley	118	156	130	102	100	121	105	83	72
Pulses									
Horse beans	250	290	344	381	188	283	297	277	256
Other	81	117	119	87	68	68	56	45	82
Onions	243	504	670	701	587	479	445	437	490
Vegetables	1,834	3,424	4,636	4,928	4,505	5,141	5,323	5,254	5,279
Sugarcane	3,265	4,545	4,739	5,200	5,269	6,083	6,878	6,945	7,333
Fruits									
Citrus	375	313	482	629	697	622	785	706	883
Dates	248	424	386	317	319	264	355	294	340
Other	271	322	352	388	370	378	383	384	462

Sources: Ministry of Agriculture and Statistical Abstract of the U.A.R. (various issues).

Table 7.4: AVERAGE YIELDS OF MAJOR CROPS

(In kilograms per feddan) 1/

Crop Year Ended October 31	1952	1960	1965	1966	1967	1968	1969	1970	1971
Cotton									
Raw (unginned)	660	737	791	693	743	822	912	874	929
Ginned (lint)	227	256	274	245	269	298	334	313	334
Cottonseed	428	474	505	442	467	518	568	544	589
Cereals									
Rice (paddy)	1,314	2,107	2,107	1,985	2,117	2,145	2,145	2,277	2,230
Maize	883	928	1,476	1,375	1,456	1,478	1,595	1,592	1,539
Wheat	777	1,029	1,112	1,136	1,037	1,074	1,019	1,163	1,283
Millet (sorghum)	1,207	1,330	1,610	1,659	1,686	1,701	1,715	1,747	1,729
Barley	863	1,048	1,038	1,042	929	1,035	1,019	1,001	1,080
Horse beans	702	801	856	956	628	922	880	919	980
Sugarcane 1/	35.33	40.95	36.81	39.06	38.48	38.93	40.46	37.31	38.07

1/ Sugarcane in metric tons per feddan.

Sources: Ministry of Agriculture and Statistical Abstract of the U.A.R. (various issues).

Table 7.5: GROSS VALUE OF AGRICULTURAL PRODUCTION

Calendar Year 1969

Revenues	Cash Value (ŁE 1000)	% of Total
Crop Production:		
Field Products 1/	596794	61.8
Vegetables 2/	104258	10.8
Fruits 3/	43799	4.5
Medical Plants and Aromatic Seeds	1268	0.1
Total	746119	77.2%
Animal Production:		
Meat Production	101027	10.5
Dairy Products	73891	7.6
Poultry Products	43318	4.5
Honey and Bees Wax	1250	0.1
Raw Wool	912	0.1
Total 4/	220398	22.8%
Grand Total - Cash Value of Agricultural Production	966517	100.0%

1/ Includes ŁE 91,000 value of cotton production from Liberation Province.
2/ Includes ŁE 51,000 value of nursery plants and vegetables seeds.
3/ Includes ŁE 217,000 value of nursery plants, fruit and wooden trees.
4/ Includes ŁE 1,282,000 value of animal production from Liberation Province, Natron Valley and New Valley.

Source: Department of Agricultural Economics, Ministry of Agriculture, The Value of Agricultural Production at Current Prices, 1969.

Table 7.6: NET VALUE OF AGRICULTURAL PRODUCTION

(Calendar Year 1969)

	Cash Value (£E '000)	% of Total
Gross Value of Agricultural Products:		
Value of Crop Production	746,119	77.2
Value of Animal Production	220,398	22.8
Total	966,517	100.0
Value of Agricultural Production Requisites:		
Green Fodder	110,198	45.7
Chemical Fertilizers	40,735	16.9
Seeds	28,459	11.8
Concentrates	14,930	6.1
Hay	14,004	5.8
Fuel and Oil	12,682	5.3
Insecticides	11,604	4.8
Depreciation of Agricultural Machinery	4,147	3.0
Other Supporting Materials	1,536	0.6
Total Value of Inputs (Exclusive of land and labor)	241,295	100.0
Net Cash Value of Agricultural Production	725,522	

Source: Department of Agricultural Economics, Ministry of Agriculture.

Table 7.7: FARM, EXPORT, IMPORT AND DOMESTIC SELLING PRICES

SELECTED COMMODITIES

	1965	1966/67	1967	1968	1969	1970	1971	Conversion
Cotton								
Av. Farm Price L/cantar	16,120	16,052	17.042	17.463	18.040	18.190	18.390	
Av. Export Price L/cantro		20.1	21.8	25.3	26.1	25.7		
Wheat								
Av. Farm Price L/Ardeb	4.530	4.370	5.500	4.830	4.905	5.800	5.310	150 kgs
Av. Import Price L/ton Grain		30.553	29.376	24.361	23.703	30.940	29.380	
L/ton Flour	-	36.443	35.568	29.200	28.900	35.438	35.554	
Av. Selling Price L/ton Grain	-	29.500	29.500	30.500	29.500	29.500	29.500	
L/ton Flour		46.200	46.200	51.900	51.900	51.900	51.900	
Maize								
Av. Farm Price L/Ardeb	3.777	4.500	5.160	4.050	4.575	4.690	4.680	140 kgs
Av. Import Price L.ton	-	30.532	25.856	-	24.420	32.383	24.825	
Av. Selling Price L/ton	-	25.714	33.333	33.333	30.000	30.000	30.000	
Rice								
Av. Farm Price L/dariba (paddy)	20.119	25.325	28.462	29.840	29.290	26.850	26.030	945 kgs
Av. Export Price L/ton white rice	-	-	75.780	74.400	54.730	48.660	-	
Av. Domestic Selling Price L/Kalo	-	-	0.055	0.055	0.055	0.055	0.055	
Broad Bean	1965/6	1966						
Av. Farm Prices L/Ardeb	8.000	8.000	8.330	7.690	6.460	7.370	8.920	155 Kgs
Lentils								
Av. Import Price L/ton	-	77.979	77.940	90.250	70.323	76.270	82.740	
Av. Selling Price L.ton	-	75.675	75.675	79.580	69.000	69.000) 79.000)	79.000	
Sugar								
Av. Import Price L/ton	-	30.565	26.613	-	44.089	-	-	
Av. Selling Price L/ton:Ration	-	66.000	(66.000 (70.000	70.000	70.000	70.000	70.000	
Free	-	160.000	160.000	160.000	160.000	160.000) 150.000)	150.000	
Sesame								
Av. Import Price L/ton	-	117.388	107.564	97.000	111.844	120.859	132.215	
Av. Selling Price L/ton	-	107.000	107.000	107.000	107.000	107.000	110.000	
		1966/67	1967/68	1968/69	1969/70	1970/71	1971/72	
Animal Products								
Av. Import Prices: Cattle L/head		31.0	40.0	31.0	51.5	47.2	58.2	
Camels "		50.7	50.0	50.0	50.2	50.7	50.7	
Frozen beef L/ton		238.5	242.5	-	245.3	300.8	334.3	
Frozen Mutton L/ton		168.7	-	180.1	183.7	192.2	203.8	
Edible Fats L/ton		102.5	94.4	76.5	107.5	130.5	119.8	

Sources: Av. Farm Prices: Ministry of Agriculture; Selling and Import Prices: The General Authority for Supply Commodities.

Table 7.8: INVESTMENTS OF THE AGRICULTURAL SECTOR 1/ EXECUTED (1967/68-70/71) AND TARGET (71/72) DISTRIBUTED AMONG THE MAJOR PROJECTS

Major Projects	Executed Investments				Invest. Target
	1967/68	968/69	969/70	970/71	971/72
Ministry of Agriculture					
Research & Improvement Programs	1.3	2.2	1.9	1.2	1.1
Land Improvement Programs	-	1.9	3.0	1.6	0.4 2/
Animal Production	0.8	0.4	0.3	0.2	0.3
Poultry Production	0.4	0.5	1.8	2.7	5.7
Acquatic Resources	1.1	0.4	0.1	3.0	0.7
Sub-Total	3.6	5.4	7.1	8.7	8.2
Ministry of Land Reclamation					
Land Reclamation	17.6	16.0	12.1	8.7	8.2
Exploitation of Reclaimed Lands	15.1	14.2	13.8	14.3	15.7
Sub-Total	32.7	30.2	25.9	23.2	20.7
Sub-Total (Ministry of Agriculture and Ministry of Land Reclamation)	36.3	35.6	33.0	31.9	28.9
Ministry of Irrigation					
Basin Conversion	3.9	2.8	2.0	1.0	0.5
Drainage	4.8	6.3	8.1	6.8	12.7 2/
Horizontal expansion	6.4	12.4	11.0	7.7	4.5
Replacement	0.7	0.9	0.7	0.3	0.6
Improvement of irrigation	1.3	2.0	1.6	1.7	1.3
Sub-Total	17.1	24.4	23.4	17.5	19.6
Services (Survey Department)	0.1	0.2	0.2	0.2	0.2
Sub-Total (fixed assets)	17.2	24.6	23.6	17.7	19.8
Current expenditures 3/	0.8	0.9	1.0	1.0	1.3
Sub-Total (Ministry of Irrigation)	18.0	25.5	24.6	18.7	21.1
Grand Total (All Ministries)	54.30	61.10	57.60	50.60	50.00

1/ Sources of data : Ministry of Planning, the following-up reports submitted from the Ministries of Irrigation, Agriculture and Agrarian Reform and Land Reclamation. (collected by Upper Egypt Drainage Project Mission)

2/ Including 1.0 million LE to be embodied in the Ministry of Agriculture's budget for drainage projects of Upper Egypt.

3/ Figures related to operating expenses of the construction period, and expenses for studying of the Upper Nile projects.

Table 7.9: AGRICULTURAL CREDIT

(LE million)

(a) Loans by term

Year	Total Loans (LE million)	Medium Term	Short Term
1959/60	36.6	1.5	35.1
1960/61	39.4	1.2	38.2
1961/62	42.4	.9	41.5
1962/63	53.9	2.1	51.8
1963/64	59.5	3.2	56.3
1964/65	65.4	2.6	62.8
1965/66	79.4	1.3	78.1
1966/67	86.4	2.2	84.2
1967/68	78.6	2.3	76.3
1968/69	68.8	1.9	66.9
1969/70	80.8	1.8	79.-
1970/71			

(b) Loans by Input Classification

	Tractors	Machinery	Livestock (Cattle)	Seeds	Insecticides	Fertilizers
1959/60	-	.8	0.6	1.9	-	12.6
1960/61	-	.7	0.6	2.3	-	16.4
1961/62	.5	.7	0.2	2.8	1.6	17.1
1962/63	.1	1.5	0.6	2.7	6.9	20.3
1963/64	-	.7	1.0	2.9	9.-	20.4
1964/65	.3	.8	1.3	3.	6.	25.3
1965/66	1.2	.9	1.9	4.6	7.8	34.7
1966/67	.9	1.8	2.3	5.8	9.6	38.
1967/68	.8	1.9	.9	8.9	7.2	35.9
1968/69	.2	1.6	.9	7.5	6.3	32.
1969/70	.6	1.5	2.3	7.3	9.2	35.
1970/71						
1971/72						

(c) Loans by Crops

	Total Crop Loans	Cotton Loans	Rice	Wheat	Maize	Other Field Crops	Onions	Other Vegetables And Fruits
1959/60	27.3	9.6	2.7	5.3	5.5	2.6	.2	1.4
1960/61	32.5	11.5	2.	6.	7.6	2.8	.6	2.
1961/62	36.7	11.5	2.	9.9	7.6	3.	.7	2.
1962/63	46.3	19.7	4.6	6.9	7.6	4.9	.3	2.3
1963/64	50.6	23.2	5.5	7.5	5.4	5.8	.1	3.1
1964/65	58.6	25.6	8.3	7.5	7.3	6.4	.2	3.3
1965/66	71.3	34.7	6.7	10.2	9.2	7.5	.4	2.6
1966/67	79.1	42.1	7.2	8.7	10.4	7.9	.4	2.4
1967/68	73.3	35.3	7.8	8.2	10.2	7.8	.8	3.2
1968/69	65.3	30.5	8.	7.	8.8	7.3	.9	2.8
1969/70	75.5	38.5	8.8	8.8	8.8	7.6	.7	2.3
1970/71								
1971/72								

Source: Egyptian General Organization for Agricultural and Cooperative Credit.

Table 8.1: GROSS VALUE OF INDUSTRIAL OUTPUT BY INDUSTRIES

(in million LE)

Industries	1967/68	1968/69	1969/70	1970/71
Spinning & Weaving	413.9	430.0	468.2	503.9
Public	304.0	313.9	352.8	380.0
Private	109.9	116.1	115.4	123.9
Food	353.5	404.7	438.5	465.4
Public	263.0	304.5	336.6	362.3
Private	90.5	100.2	101.9	103.1
Chemicals 1/	89.7	105.3	114.4	130.7
Public	72.0	84.1	89.3	99.4
Private	17.7	21.2	25.1	31.3
Engineering & Electronics 2/	87.3	91.1	107.5	130.1
Public	60.0	63.1	76.9	99.2
Private	27.3	28.0	30.6	30.9
Building materials & ceramics	34.2	44.6	49.4	57.3
Public	28.0	37.3	40.9	48.0
Private	6.2	7.3	8.5	9.3
Metallurgical (public) 2/	42.0	45.1	54.0	72.8
Mining (public) 3/	7.0	6.0	6.0	8.0
Petroleum (public)	91.0	125.9	118.0	148.8
Woodworking (private) 4/	26.1	27.8	32.4	35.6
Leather (private) 4/	14.6	17.8	19.4	25.4
Rural industries & handicrafts	8.0	13.5	15.8	17.9
Subtotal 5/	1167.3	1311.8	1423.6	1595.8
Public	867.0	979.8	1074.5	1218.5
Private	292.3	318.5	333.3	359.4
Rural	8.0	13.5	15.8	17.9
Other industries and statistical discrepancies 6/	768.1	760.1	828.8	804.2
Total industries 7/	1935.4	2071.9	2252.4	2400.0 8/
Total electricity (public) 7/	53.2	54.7	60.4	.

1/ Excluding drugs and pharmaceuticals.
2/ Several sector activities are excluded and computed under other industries.
3/ Excluding value of private sector's output and of iron ore mining.
4/ Excluding value of public sector's output which is included in the chemical industry and the building material industry respectively.
5/ Excludes the production of military factories, cotton ginning, flour mills and bakeries, tea packing, printing & publication, pharmaceuticals, iron-ore mining and electricity production. See footnotes 2-4.
6/ Computed as a residual. Includes the industries of footnote 5, but electricity is excluded.
7/ Gross value as used in national accounts.
8/ Preliminary data from the Ministry of Industry.

Sources: General Organization for Industrialization, Federation of Egyptian Industries, Central Agency for Public Mobilization and Statistics.

Table 8.2: INDUSTRIAL PRODUCTION INDEX NUMBERS

(1959 = 100)

Economic Activities	1965	1966	1967	1968	1969	1970
Mining and quarrying	213.4	235.8	229.6	364.5	499.9	598.4
12 - Metal mining	105.6	91.7	89.7	208.5	181.9	161.7
13 - Crude petroleum, natural gas	228.4	267.8	244.2	414.2	555.4	663.2
14 - Stone quarrying, clay, sand pits	174.1	187.1	200.3	151.2	127.5	132.7
15 - Salt mining	157.0	170.8	192.4	174.0	174.4	191.2
19 - Other Non-Metallic mining, quarrying	284.2	232.7	256.8	302.4	240.1	354.6
Manufacturing Industries	276.6	264.9	249.9	284.7	317.9	322.3
20 - Food Manufacturing	138.0	119.9	120.2	131.4	165.2	191.1
21 - Beverage Industries	204.9	230.1	182.1	183.9	215.7	241.2
22 - Tobacco Industries	191.4	204.1	211.0	200.2	223.5	222.3
23 - Spinning and weaving	162.3	159.3	165.6	174.5	175.3	184.4
24 - Manufacturing of footwear, other wearing apparel and made up textile goods.	300.1	279.8	278.4	276.9	250.9	253.7
25 - Wood, ratton bamboo, cork	137.5	992.3	610.6	778.4	577.4	979.9
26 - Furniture and fixtures	114.1	119.4	103.3	104.6	120.0	124.0
27 - Paper, articles of paper	561.2	614.6	562.1	699.3	749.3	856.3
28 - Printing, allied industries	268.8	240.6	159.4	246.9	234.4	243.7
29 - Leather, leather products	202.6	210.9	215.6	246.3	279.9	287.0
30 - Rubber products	180.9	169.1	168.5	178.2	192.1	174.5
31 - Chemicals, chemical products	410.7	455.2	387.3	438.4	483.0	501.0
32 - Products of petroleum and coal	165.1	167.0	162.4	175.3	109.6	127.6
33 - Manufacturing of non-metallic mineral products	173.2	213.8	183.6	221.0	288.3	218.1
34 - Basic metal industries	270.6	364.5	295.9	361.3	373.8	331.8
35 - Metal products	190.1	216.2	254.3	308.5	518.9	513.9
36 - Manufacturing and reproduction of non-electrical machines	394.4	1079.9	1187.2	1250.2	1850.4	1490.3
37 - Manufacturing and reproduction of electrical machines	686.4	699.5	703.0	743.2	879.6	961.2
38 - Transport equipment and supplies	711.0	664.6	411.4	627.1	704.3	847.7
39 - Manufacturing Industries not else classified	983.3	980.3	732.8	924.3	1054.9	1027.8
Electricity, gas, water production and distribution	257.6	277.3	282.8	309.4	344.2	346.4
General Total	271.2	262.9	248.9	293.2	338.3	355.4

Source: Central Agency for Public Mobilization and Statistics.

Table 8.3: MANUFACTURING AND MINING PRODUCTION (SELECTED ITEMS)

(In thousands of metric tons unless stated otherwise)

Fiscal Years	1960/61	1965/66	1966/67	1967/68	1968/69	1969/70	1970/71
Spinning & Weaving							
Cotton yarn	108	142	152	160	163	164	169
Cotton textiles	73	97	104	95	96	97	107
Wool yarn	8	10	9	8	9	10	11
Wool textiles	3	4	3	2	3	3	4
Jute yarn	18	21	14	21	27	27	28
Jute textiles	16	19	13	20	24	24	25
Foodstuffs, etc.							
Sugar	329	366	363	379	495	533	663
Confectionary	55	42	42	55	59	63	85
Cheese	101	121	122	124	125	132	129
Cigarettes	13	17	18	17	15	16	18
Vegetable conserves	1	6	6	5	3	5	6
Beer (million litres)	13	26	25	20	21	23	27
Alcoholic beverages (million litres)	2	2	2	4	9	10	9
Building materials							
Cement	2,067	2,542	2,915	2,799	3,488	3,500	3,851
Building bricks	830	936	836	634	708	801	..
Gypsum & plaster	152	273	308	254	273	231	411
Chemical products							
Sulphuric acid	101	209	215	227	25	22	37
Paper	60	105	97	93	124	121	137
Fertilizers:							
Superphosphate	185	253	262	304	323	353	447
Calcium nitrate	265	225	263	140	111	..	..
Ammonium nitrate	-	370	394	438	370	377	380
Tires (thousands)	270	697	604	781	813	695	770
Mechanical & electrical							
Cars (units)	360	1,814	193	791	2,734	3,139	4,271
Trucks (units)	907	296	756	362	1,165	1,117	1,201
Busses (units)	272	1,155	191	361	310	336	407
Tractors (units)	-	984	895	729	459	1,071	1,072
Bicycles (thousand)	8	55	60	50	53	51	63
Radios (thousands)	83	153	150	121	108	136	157
Televisions (thousands)	-	54	64	29	38	59	63
Metallurgical							
Reinforced steel	160	171	165	193	205	212	190
Sections	31	99	80	106	135	126	108
Steel billets	56	4	12	40	20	20	23
Other steel products	90	103	96	103	116	112	..
Minerals							
Phosphate	570	643	699	748	729	530	539
Iron ore	240	553	360	423	460	499	460
Manganese	276	198	147	3	3	5	4
Salt	507	484	544	447	380	410	..
Petroleum products							
Crude oil (thousand cubic meters)	3,443	7,056	7,029	6,519	12,636	16,611	18,911
Gasoline	354	843	853	655	675	452	617
Kerosene	434	872	933	625	547	418	655
Fuel oil (Mazout)	2,781	4,426	4,202	2,296	2,746	1,353	2,155
Diesel oil	210	323	302	105	83	118)	672
Solar	351	959	1,214	740	736	358)	

Source: Central Agency for Public Mobilization and Statistics.

Table 8.4: PUBLIC INVESTMENTS BY MAIN INDUSTRIAL SUBSECTORS

(in million L. E.)

Subsector	1968/69	1969/70	1970/71
Spinning and Weaving	5.9	10.6	7.7
Food	10.5	7.4	6.3
Chemicals	18.5	8.5	10.4
Engineering	6.8	5.0	(5.3
Metallurgical Ind.	. .	0.5	(
Steel Complex	19.4	29.0	40.0
Building Materials & Ceramics	6.3	6.3	5.4
Geological Survey & Mining	4.7	4.2	0.6
Petroleum	25.2	42.2	34.4
Rural Industries & Handicraft	0.1	0.2	. .
Total public investments	97.6	113.9	110.2
Other investments	9.7	8.5	2.8
Total 1/	107.3	122.4	113.0

1/ Capital transfers are excluded; therefore this table has lower investment data than shown in the budget (see Table 5.3).

Source: General Organization for Industrialization.

Table 8.5: MAIN PLAN TARGETS BY INDUSTRIAL SUBSECTOR

	Output 1/ (in million L.E.) 1970/71	Increase 2/ 1973-77	Investments 4/ (in million L.E.) 1970/71	1973-77 3/
Spinning & Weaving	380	87	7.7	124.6
Food	362	50	6.3	69.9
Chemical	99	102	10.4	193.2
Engineering & Electronics	99	214	5.3	146.0
Metallurgical	73	105	2.8	109.4
Steel Complex	-	106	40.0	141.8
Building Materials & Ceramics	48	26	5.4	66.5
Petroleum & Petrochemicals	149	118	34.4	322.4
Mining	8	4	.6	12.3
Rural Industries	18	1	.	3.3
Others	.	.	2.8	.
Total	1402	813	113.0	1,189.4

1/ Public sector enterprises only.
2/ Estimated additional production of the planned projects.
3/ Investment costs for the Five-Year-Plan projects.

Source: General Organization for Industrialization.

Table 8.6: SIZE OF INDUSTRY ACCORDING TO EMPLOYED PERSONS 1/

	Number of persons in enterprises				
	10-49	50-99	100-499	500 & over	Total Industry
Number of Establishments					
1961/1962	3173	377	390	111	4051
1966/1967	4250	458	409	193	5310
1967/1968	4130	412	384	202	5128
Number of Employed Persons 2/					
1961/1962	66698	26143	83867	191966	368679
1966/1967	78169	31153	84915	379171	573408
1967/1968	77249	28086	78343	387383	571061
Value Added(in 000 L.E.)					
1961/1962	15600	9700	37900	107600	170800
1966/1967	17305	6863	40920	199922	265010
1967/1968	19154	6603	50351	201680	277788
Value of Output(in 000 L.E.)					
1961/1962	83400	38300	107600	325600	554900
1966/1967	106053	68191	156571	697879	1028694
1967/1968	112462	59529	161911	720155	1054057

1/ Including all public sector establishments and private sector establishments engaged 10 persons or more.

2/ Excluding working proprietors and active business partners.

Source: General Organization for Industrialization
Industrial Census 1961/62 and 1967/68.

Table 8.7: LABOUR FORCE EMPLOYED IN PUBLIC SECTOR ENTERPRISES AND WAGES BY SUBSECTORS

Subsector	Average Number of Workers (In Thousands)		Wages (In thousand LE)		Average Wage for worker (in LE)		Output: Wages 1/		Output per worker (In thousand LE)		Increase of output per worker (In percent
	1969/70	1970/71	1969/70	1970/71	1969/70	1970/71	1969/70	1970/71	1969/70	1970/71	1970/71
Spinning and weaving	221	233	56736	59963	257	258	6.2	6.3	1.6	1.6	2
Chemicals	43	44	11600	12500	269	284	7.7	8.0	2.1	2.3	9
Food	84	88	21509	22933	256	261	15.7 2/	15.8 2/	4.0	4.1	3
Metallurgical	24	26	9438	10543	393	406	5.7	6.9	2.2	2.8	24
Building materials and ceramics	22	22	6815	7350	310	334	6.0	6.5	1.9	2.2	17
Engineering and electronics	48	53	13014	16230	271	306	5.9	6.1	1.6	1.9	17
Petroleum	25	26	14400	14700	576	566	8.2	10.1	4.7	5.7	21
Total (Public Sector)	467	492	133512	144219	286	293	8.0	8.4	2.3	2.5	8

1/ Gross value of output see table 8.1
2/ The value of output includes a substantial amount of taxes and duties.

Source: General Organization for Industrialization.

Table 8.8: ELECTRICITY: CAPACITY AND PRODUCTION

Year	Installed Power MW			Net Generated Energy Million kwh			Net Peak Load MW
	Hydraulic	Thermal	Total	Hydraulic	Thermal	Total	
1960/61	345	1219	1564	627	2504	3131	641
1965/66	345	1482	1827	1773	3904	5677	931
1966/67	345	1554	1899	1806	4154	5960	945
1967/68	1045	1701	2746	2446	3753	6199	1000
1968/69	1395	1922	3317	3347	3749	7096	930
1969/70	2445	1922	4367	4365	3008	7373	1022
1970/71	2445	1922	4367	4845	3070	7915	1099

Note: These data include Power stations belonging to The General Electricity Corporation, Industrial Firms and Municipal Boards. Data on installed power and net generated energy in 1968/69 and thereafter, relate to unified power system only.

Source: General Electricity Corporation

Table 8.9 Net Profits/1 and Distributions for Industry Subsectors

(in thousand LE)

				RESERVES			Distribution				
Organization	Year	Net Profit	Profits brought forward from last year	Statutory	Government bonds	Increase in replacement prices of assets	Share holders	Employees	10% due to Organization	Other reserves	Balance carried forward
Spinning & Weaving	64/65	12,100	87	1,200	600	-	5,031	1,677	20	3,189	73
	65/66	16,800	73	835	835	835	5,507	1,836	1,242	5,618	75
	66/67	18,962	75	952	952	952	6,243	2,081	1,404	6,374	79
	67/68	18,567	79	929	929	929	9,547	3,182	1,384	1,719	-
	68/69	19,322	-	965	965	965	10,345	3,448	1,431	1,182	21
	69/70	20,813	21	1,041	1,041	1,041	11,218	3,739	1,582	1,222	6
	70/71	24,808	6	1,240	1,240	1,240	13,085	4,362	1,860	1,770	17
Food Industries	64/65	8,500	325	478	408	-	2,377	792	288	3,838	326
	65/66	8,600	322	414	414	414	1,957	652	621	4,019	109
	66/67	9,168	109	464	464	464	2,140	713	713	4,279	40
	67/68	11,345	40	567	567	567	6,581	2,194	893	16	-
	68/69	13,823	-	691	691	691	7,974	2,658	997	121	-
	69/70	13,856	-	689	689	689	7,635	2,541	1,004	505	104
	70/71	13,852	104	698	698	698	7,828	2,686	1,004	344	-
Chemical Industries	64/65	10,600	35	989	529	-	3,064	1,021	637	4,350	33
	65/66	12,300	31	615	615	615	3,144	1,048	839	5,435	27
	66/67	10,872	27	545	545	545	3,005	1,002	718	4,539	-
	67/68	13,121	-	656	656	656	7,559	2,520	935	139	27
	68/69	15,785	27	791	791	791	9,083	3,028	1,152	176	-
	69/70	16,255	-	779	779	779	9,015	2,895	803	542	662
	70/71	17,242	662	868	868	868	9,537	3,179	1,306	748	530
Building Materials & Refractories Ind.	64/65	1,500	10	87	76	-	690	230	100	300	43
	65/66	1,700	43	83	83	83	669	223	108	394	17
	66/67	2,442	17	123	123	123	1,056	352	156	526	-
	67/68	2,365	-	118	118	118	1,184	395	128	304	8
	68/69	3,040	8	152	152	152	1,467	489	187	449	-
	69/70	4,163	-	208	208	208	1,941	647	277	670	4
	70/71	5,411	4	264	264	264	2,508	835	362	922	-
Metal Industries	64/65	1,400	25	84	69	105	353	118	63	585	26
	65/66	1,600	26	80	80	80	201	67	105	982	27
	66/67	1,449	27	74	74	74	273	91	94	796	-
	67/68	2,509	-	101	101	101	1,126	375	141	64	-
	68/69	2,113	-	106	106	106	1,192	397	142	64	-
	69/70	2,983	-	149	149	149	1,742	581	213	-	-
	70/71	3,708	-	185	185	185	2,122	706	257	68	-
Engineering & Electric Ind.	64/65	•	•	•	•	•	•	•	•	•	•
	65/66	•	•	•	•	•	•	•	•	•	•
	66/67	2,710	-	197	197	197	644	201	163	1,104	7
	67/68	2,632	7	139	139	139	1,404	462	172	176	-
	68/69	5,100	-	254	254	254	2,499	833	381	614	11
	69/70	8,252	11	340	340	340	3,327	1,056	480	1,090	1,290
	70/71	9,633	1,290	456	456	456	4,618	1,540	666	928	1,803
Petroleum Industries	64/65	•	•	•	•	•	•	•	•	•	•
	65/66	•	•	•	•	•	•	•	•	•	•
	66/67	3,359	-	168	168	168	894	298	172	1,491	-
	67/68	4,322	-	216	216	216	2,418	806	204	246	-
	68/69	4,553	-	228	228	228	2,558	852	219	240	-
	69/70	5,056	-	253	253	253	2,652	884	238	523	-
	70/71	6,647	-	332	332	332	3,214	1,071	353	1,013	-
Total	64/65	33,200	482	2,838	1,683	105	11,515	3,838	1,408	12,263	502
	65/66	41,000	496	2,028	2,028	2,028	11,479	3,826	2,915	16,448	255
	66/67	48,962	255	2,523	2,523	2,523	14,255	4,738	3,420	19,109	126
	67/68	54,361	126	2,726	2,726	2,726	29,819	9,934	3,857	2,664	35
	68/69	63,736	35	3,187	3,187	3,187	35,118	11,705	4,509	2,846	32
	69/70	71,378	32	3,459	3,459	3,459	37,530	12,343	4,543	4,551	2,066
	70/71	81,301	2,066	4,043	4,043	4,043	24,908	14,349	5,808	5,793	2,350

/1 Net Profit equals Value of Production minus
1. Wages
2. Raw materials
3. Depreciation
4. Change in stocks
5. Provisions
6. Expenses

Source: Ministry of Industry.

Table 8.10: TOURIST ARRIVALS BY NATIONALITY GROUP

YEAR	TOURIST ARRIVALS					% Change Over Previous Year
	ARABS	EUROPEANS	AMERICANS	OTHERS	TOTAL	
1961	107,316	106,054	42,581	28,006	283,957	- 0.5
1962	116,112	87,280	40,347	47,441	291,180	+ 2.5
1963	151,393	132,682	60,984	59,050	404,109	+38.8
1964	208,205	165,091	66,353	57,733	497,382	+23.1
1965	246,027	179,299	62,723	54,051	542,100	+ 9.0
1966	255,642	196,657	73,237	53,198	578,734	+ 6.8
1967	167,412	111,846	31,451	34,245	344,954	-40.4
1968	184,420	82,077	22,446	28,678	317,621	- 7.9
1969	193,977	85,463	32,769	33,134	345,343	+ 8.7
1970	230,803	65,985	25,427	35,446	357,661	+ 3.6
1971	260,169	94,540	30,051	43,302	428,062	+19.7

Source: Ministry of Tourism

Table 8.11: TOURIST NIGHTS BY NATIONALITY GROUP

Year	Tourist Nights					% Change from Previous Year	Tourist Receipts in Millions of LE	Average Earnings/ Tourist Night
	Arabs	Europeans	Americans	Others	Total			
1961	2,256,483	1,667,880	358,096	362,608	4,645,067	n.a	23.3	L 5.0
1962	1,963,812	1,349,149	303,095	550,421	4,166,477	-10.3	17.8	4.3
1963	1,869,223	1,311,303	434,377	608,472	4,223,375	+ 1.4	26.8	6.3
1964	3,856,175	1,986,236	425,955	755,898	7,024,264	+66.3	37.5	5.3
1965	7,067,489	2,327,739	394,927	610,576	10,400,731	+48.1	50	4.8
1966	6,439,250	2,326,750	423,662	593,693	9,783,355	- 5.9	54	5.5
1967	3,959,598	1,596,990	395,574	417,482	6,369,644	-34.9	37	5.8
1968	3,436,308	625,145	125,441	188,914	4,375,808	-31.3	27	6.2
1969	3,341,049	686,536	147,567	220,496	4,395,648	+ 0.4	28.5	6.5
1970	3,676,298	537,447	126,312	233,652	4,573,709	+ 4.0	28.8 1/	6.3 1/
1971	4,619,464	817,457	188,710	353,684	5,979,315	30.7	36.0	6.0

1/ Estimate

Source: Ministry of Tourism

Table 8.12: ESTIMATED TRAFFIC VOLUMES BY PRINCIPAL MODES

Freight Traffic	Millions of Tons 1964/65	65/66	66/67	67/68	68/69	69/70	70/71	Millions of Ton-Kms 1964/65	65/66	66/67	67/68	68/69	69/70	70/71	Percent Increase and Average Annual Growth (%) 1964/65 to 1968/69 Tons	1964/65 to 1968/69 Ton-Kms	1967/68 to 1968/69 Tons	1967/68 to 1968/69 Ton-Kms
Railways	13.3	12.6	11.6	11.4	10.6	11.6	11.2	3,431	3,361	3,046	2,975	2,643	3,312	3,324	- 20.4 (-5.5)	- 22.8 (-6.3)	- 7.1	- 11.2
Highways 1/	21.8	24.0	28.0	33.0	33.5			1,767	2,063	2,501	3,074	3,157			53.7 (11.3)	78.7 (15.6)	1.5	2.7
Highways 2/3/	1.3	1.7	1.7	1.6	1.5	n.a.	n.a.	800	1,030	1,261	1,407	1,446	n.a.	n.a.	23.1 (5.5)	80.7 (16.0)	0.0	2.8
TOTAL	36.4	38.3	41.3	46.0	45.7			5,998	6,454	6,808	7,456	7,246			25.5 (15.9)	20.8 (4.9)	- 0.6	- 2.8

Passenger Traffic	Millions of Passengers 1964/65	65/66	66/67	67/68	68/69	69/70	70/71	Millions of Passenger-Kms 1964/65	65/66	66/67	67/68	68/69	69/70	70/71	Percent Increase and Average Annual Growth (%) 1964/65 to 1968/69 Pass.	1964/65 to 1968/69 Pass.-Kms	1967/68 to 1968/69 Pass.	1967/68 to 1968/69 Pass-Kms
Railways	172.0	189.5	198.6	189.4	206.3	215.9	239.2	5,788	6,170	6,268	5,512	5,796	6,259	6,772	19.9 (4.7)	0.0 (0.0)	8.9	5.1
Highways 4/	1,308.0	1,393.0	1,468.0	1,438.0	1,470.0	n.a.	n.a.	11,208	11,492	12,052	12,061	12,506	n.a.	n.a.	12.4 (3.0)	11.6 (2.8)	2.2	3.7
TOTAL	1,480.0	1,582.5	1,666.6	1,627.4	1,676.3	69/70	70/71	16,994	17,662	18,320	17,573	18,302			13.3 (3.2)	7.7 (1.9)	3.0	4.1

Freight Distribution Between Modes (%)

Years	Railways T	Railways TKm	Highways T	Highways TKm	Waterways T	Waterways TKm
1964/65	36.5	57.2	59.9	29.5	3.6	13.3
1965/66	32.9	52.0	62.7	32.0	4.4	16.0
1966/67	28.1	44.7	67.8	36.8	4.1	18.5
1967/68	24.8	39.9	71.7	41.2	3.5	18.9
1968/69	23.2	36.5	73.3	43.5	3.5	18.9

Passenger Distribution Between Modes (%)

Years	Railways Pass	Railways Pass-Kms	Highways Pass	Highways Pass-Kms
1961/65	11.6	34.1	88.4	65.9
1965/66	12.0	34.9	88.0	65.1
1966/67	11.9	34.2	88.1	65.8
1967/68	11.6	31.4	88.4	68.6
1968/69	12.3	31.7	87.7	63.3

Average Length of Haul (KMS)

Years	Railways Freight	Railways Passenger	Highways Freight	Highways Passenger	Water Freight
1964/65	258	34	81	9	615
1965/66	267	33	86	8	606
1966/67	263	32	89	8	742
1967/68	261	29	93	8	879
1968/69	249	28	94	9	904

1/ Includes four public freight companies, other public organizations, cooperative trucking societies and private truckers.

2/ Only nationalized companies. Additionally some 3 m. tons are annually transported for short distances mainly by privately owned sailboats.

3/ Ton-kms are not real but virtual. The real distance is corrected according to the number of locks and bridges, for example, between Cairo and Alexandria the virtual distance is about four times the real, whereas, between Cairo and Aswan the virtual distance is around 20 percent higher than the real one.

4/ Includes the Cairo and Alexandria Public Transports, Helliopolis Metro (tram) and inter-city bus services.

Source: Ministry of Planning.

Table 8.13: SELECTED STATISTICAL INFORMATION ON THE EGYPTIAN RAILWAYS

	64/65	65/66	66/67	67/68	68/69	69/70	70/71
A. Route and Track Length (kms)							
Single	2,608	2,608	2,608	2,608	2,608	2,608	2,608
Double	926	926	926	926	926	926	926
Double (electrified)	25	25	25	25	25	25	25
Sidings	2,148	2,154	2,162	2,166	2,166	2,166	2,166
Auxiliary	451	451	455	455	455	455	455
Total	6,258	6,164	6,176	6,180	6,180	6,180	6,180
Track	7,109	7,115	7,128	7,131	7,131	7,131	7,131
B. Rolling Stock							
Steam Locomotives	46	46	46	46	46	46	39
Diesel Locomotives	566	566	566	565	565	567	535
Railcars	463	471	476	470	477	473	470
Passenger Cars	1,070	1,124	1,148	1,140	1,138	1,155	1,135
Freight Cars	18,346	18,617	18,689	19,000	18,417	18,783	78,555
C. Passenger Traffic							
Millions of Passengers	172	190	199	189	206	216	239
Pass-Kms (millions)	5,788	6,170	6,268	5,512	5,796	6,259	6,792
D. Seat-Kms Offered							
Suburban (millions)	1,343	1,247	1,311	1,290	1,344	n.a.	n.a.
Main Line "	11,266	12,061	12,593	12,313	12,377		
Total	12,609	13,308	13,904	13,603	13,721		
E. Freight Traffic							
Ton (millions)							
Commercial	12,185	11,499	10,509	10,568	9,945	10,790	10,425
Service	1,163	1,066	1,076	785	660	764	839
Total	13,348	12,565	11,685	11,353	10,605	11,554	11,264
Ton/Km (millions)							
Commercial	3,287	3,225	2,921	2,854	2,548	3,197	3,180
Cattle	27	26	22	25	(	21	16
Service	144	136	125	122	(100	115	144
Total	3,458	3,387	3,068	3,001	2,648	3,333	3,340
F. Average Net Loading Per Freight Train							
Freight Tons	369	368	341	367	345		
G. Average Capacity Of Freight Cars (tons)	17.6	18.1	18.0	18.5	19.5	n.a.	n.a.
H. Average Load of Freight							
Cars Loades & Empty (tons)	5.6	5.5	5.0	5.0	5.2	n.a.	n.a
I. Average Load of Freight							
Cars Loaded (tons)	7.3	7.2	6.6	6.5	7.4	n.a.	n.a.

J. Main Characteristics of the System

Ruling Gradient	4%
Minimum Radius of Curves:	
Main Lines	500 m
Aux. Lines	300 m
Rail Weight	46,47.52 and 54 kg/m
Gauge	1.435 m.
Locomotives:	
in service	459
awaiting repairs	152
Railcars:	
in service	269
awaiting repairs	204

Source: Egyptian Railways

Table 8.14: PORT OF ALEXANDRIA

ACTUAL INCOMING-OUTGOING CARGO 1969-70 AND PROJECTED 1975 and 1980 1/

(thousands of tons)

YEARS	INCOMING	OUTGOING	TOTAL	ANNUAL INCREASE %
1960	3,721	1,333	5,054	-
1961	3,514	1,352	4,866	- 3.7
1962	4,393	1,280	5,673	17.0
1963	5,611	1,654	7,265	28.0
1964	6,083	1,705	7,788	7.3
1965	6,991	1,483	8,474	8.8
1966	7,374	1,651	9,025	6.5
1967	7,611	1,617	9,228	2.2
1968	6,959	1,872	8,831	- 5.3
1969 2/	6,989	2,362	9,351	5.9
1970 2/	9,782	2,657	12,439	see (2)
1975	13,740	3,540	17,280	-
1980	17,190	6,120	23,310	-

1/ Liquid bulk included
2/ **From UAR Statistical Abstract** - Same source is given for 1969 - Incoming 8,621 - Outgoing 2,521 - Total 11,142 - Increase 1970 compared to 1969 would be 11.6%

AVERAGE ANNUAL INCREASE (TOTAL)

1960-69	-	7.1%
1969-75	-	10.7%
1969-80	-	8.7%
1975-80	-	6.2%

DISTRIBUTION OF TOTAL INCOMING-OUTGOING CARGO BY MAIN COMMODITY GROUPS

ACTUAL 1965-69 AND PROJECTED 1975 AND 1980

(thousands of tons)

YEARS	GENERAL CARGO	GRAIN	PHOSPHATES	COAL	OTHER MINERALS	FERTILIZERS	MISCELLANEOUS	LIQUID BULK	TOTAL
1965	2,354	1,756	443	315	409	625	410	2,162	8,474
1966	3,428	1,280	71	295	189	625	428	2,709	9,025
1967	3,016	1,900	213	464	152	377	440	2,666	9,228
1968	3,259	1,558	167	502	129	598	193	2,425	8,831
1969	3,726	1,900	190	500	129	320	86	2,500	9,351
1975	5,270	2,530	490	2,000	350	540	500	5,600	17,280
1980	6,820	3,000	1,600	2,000	700	660	1,430	7,100	23,310

Source: Alexandria Port Authority for all figures except 1970 incoming and outgoing cargo statistics which come from UAR Statistical Abstract

Table 8.15: HIGHWAY NETWORK

LENGTH ACCORDING TO SURFACE TYPE FUNCTION AND CLASS

(KMS)

YEARS	SURFACE TYPE			FUNCTIONAL CLASSIFICATION		
	ASPHALT	EARTH	TOTAL	EXPRESS	MAIN	RURAL
1965/66	9,197	12,261	21,458	193	7,930	13,335
1966/67	9,204	12,314	21,518	193	7,990	13,335
1967/68	9,244	12,322	21,566	193	8,038	13,335
1968/69	9,279	12,287	21,566	193	8,105	13,268
1969/70	1,223	11,900	23,123	193	9,917	12,953
1970/71	11,788	11,768	23,558	210	11,103	12,243

CLASS (only Asphalt roads)

Express		210
Main	-	10,166
2nd Class	-	1,412
3rd Class	-	-
TOTAL	-	11,788

Source: Ministry of Transport

Table 8.16: DISTRIBUTION OF HIGHWAY TRAFFIC BETWEEN DIFFERENT CARRIERS

Freight	Public Freight Companies 1/	Other Public Organizations Various Sectors	Cooperative Trucking Societies	Private Truckers	Total
			Millions of Tons		
1964/65	2.7 (12.4)	4.8 (22.0)	1.6 (7.3)	12.7 (58.3)	21.8 (100.0)
1968/69	7.8 (23.3)	49 (14.6)	12.1 (36.1)	8.7 (26.0)	33.5 (100.0)
1970/71 2/	6.947	n.a.	12.5	n.a.	n.a.
Increase (%) 64/65-68/69	188.8	2.1	656.3	- 31.5	53.7
			Millions of Tons Kms		
1964/65	360 (20.4)	240 (13.6)	155 (8.8)	1,012 (57.2)	1,767(100.0)
1968/69	1,006 (31.8)	248 (7.9)	1,206 (38.2)	697 (22.1)	3,157(100.0)
1970/71	1,263				
Increase (%) 64/65-68/69	179.4	3.3	678.1	- 31.1	- 78.7
			Average Length of Haul (Kms)		
1964/65	133	50	97	80	81
1968/69	129	51	100	80	94
1970/71 2/	182	n.a.	120	n.a.	n.a.

Passengers	Cairo Public Transport	Alexandria Public Transport	Helliopolis Metro (Cairo)	Inner-City Buses	Total
			Millions of Passengers		
1968/69					
1968/69	948 (64.5)	349 (23.7)	91 (6.2)	82 (5.6)	1,470 (100.0)
1970/71	n.a.	n.a.	n.a.	232.72	n.a.
			Millions of Pass-Kms		
1968/69	6,170 (49.3)	2,110 (16.9)	906 (72)	3,320 (266)	12,506 (100.0)
1970/71	n.a.	n.a.	n.a.	4,087	n.a.
			Average Length of Haul (Kms)		
1969/70	6.5	6.0	10.1	40.5	85
1970/71 2/	n.a.	n.a.	n.a.	17.2	n.a.

1/ There is a considerable discrepancy between the above figures (Ministry of Planning) and the figures given by the Ministry of Transport. The latter, assigns 4.6 m tons in 1964/65 and 7.8 m tons in 1968/69 to the freight companies versus, respectively 2.7 m and 7.8 m. Accordingly, 272 m ton-kms and 1,027 m ron-kms versus 360 m ton-kms and 1,006 ton-kms.

2/ 1970/71 Figures come from the General Organization for Rural and Inter-city Transport

Table 8.17: SCHOOL ENROLLMENTS

(in thousands of students enrolled)

	1960/61	1966/67	1967/68	1968/69	1969/70	1970/71	% Female 1960/61	% Female 1970/71
Primary (6 yrs.)	2,610	3,413	3,471	3,550	3,618	3,740	38	38
Preparatory (3 yrs.)	295	681	745	780	798	851	27	32
Secondary (3 yrs.)	207	355	452	473	534	569	22	31
General	(132)	(235)	(260)	(276)	(293)	(298)		
Technical	(75)	(120)	(192)	(197)	(241)	(271)		
Teacher Training 1/ (2 yrs.)	18	42	35	29	25	25	53	45

1/ For primary school teachers, who enter after preparatory school.

Source: Central Agency for Statistics and Public Mobilization

Table 8.18: ENROLLMENT IN UNIVERSITIES AND HIGHER INSTITUTES

(numbers of students enrolled)

	1960/61	1966/67	1967/68	1968/69	1969/70	1970/71
Humanities (total)	58,275	72,928	68,573	68,490	75,099	86,460
Liberal Arts	15,263	16,117	13,564	12,098	12,016	13,533
Commerce	19,842	24,300	21,311	20,729	22,046	24,742
Law	14,106	13,758	13,385	12,495	13,475	15,747
Teacher Training	1/	5,140	6,378	7,681	9,777	11,591
Others 2/	9,064	13,613	13,935	15,487	17,785	20,847
Science (total)	34,017	66,949	70,045	71,452	83,036	87,207
Medicine & Pharmacology	9,847	21,743	24,880	26,430	29,142	31,242
Engineering	11,306	21,990	23,001	22,492	23,283	22,489
Agriculture	6,543	13,212	12,652	13,354	20,840	22,389
Sciences	5,058	7,152	6,171	5,721	5,950	6,762
Others 3/	1,263	2,852	3,341	3,452	3,811	4,325
Higher Institutes (total)	15,520	29,026	29,973	34,430	32,159	36,414
Commerce	1,924	6,398	5,892	6,869	7,687	9,101
Agriculture	2,308	5,885	5,678	7,301	1,602 4/	1,619
Industry	1,761	7,427	8,299	9,518	11,631	13,432
Physical Training	1,482	3,152	3,354	3,513	3,743	3,873
Fine & Applied Arts 5/	3,141	4,222	4,687	4,759	4,681	4,984
Others 6/	4,904	1,942	2,063	2,470	2,815	3,405
Grand Total	107,812	168,903	168,591	174,372	190,294	210,081

1/ 1960 administered as Higher Institute.
2/ Includes education, religion, Arabic, business administration and economics.
3/ Includes veterinary, nursing.
4/ Program transferred to University Faculty of Agriculture.
5/ Also includes musical and artistic education.
6/ Includes home economics, social work, language, tourism and hotels.

Source: Central Agency for Statistics and Public Mobilization.

Table 9.1 : COST OF LIVING AND WHOLESALE PRICES

(1939 = 100)

		Cost of Living Index	Wholesale Price Index		
			General	Foodstuffs	Industrial Products and Materials
December	1960	306	418	388	451
December	1961	309	425	416	435
December	1962	296	420	403	438
December	1963	302	425	403	448
December	1964	339	453	445	462
July	1965	353	474	478	471
December	1965	377	490	499	480
July	1966	390	506	529	484
December	1966	394	526	568	485
July	1967	388	551	624	485
December	1967	392	553	618	494
July	1968	381	517	538	497
December	1968	388	548	591	507
July	1969	397	528	533	524
December	1969	410	547	560	535
July	1970	408	560	588	532
December	1970	422	557	589	526
July 1/	1971	429	558	584	..

1/ The index on the base of 1939=100 ended at December 1970. The figures for the consumer price index shown for July 1971 were constructed by converting data from a 1966/67 base, while the figures for the wholesale price index were constructed by converting data from a 1965/66 base. See also Table 9.

Source: Central Agency for Public Mobilization and Statistics.

Table 9.2: WHOLESALE AND CONSUMER PRICE INDICES

(averages for period)

	1966/1967	1967/1968	1968/1969	1969/1970	1970/1971	April/June 1970	April/June 1971
Wholesale Price Index (1959-60 = 100)							
General	126.0	130.7	125.3	130.5	133.9	133.0	133.9
Foodstuffs	150.1	158.2	141.5	146.6	155.7	152.2	156.7
Industrial products and materials	105.3	107.4	110.6	115.8	114.7	115.7	114.4
Consumer Price Index (Urban) (1966/67 = 100)						July/Sept. 1970	July/Sept. 1970
Total	100.0	102.0	106.1	109.2	113.6	111.9	114.7
Personal Expenses	100.0	108.2	114.4	114.4	114.4	114.4	114.5
Services	100.0	103.5	108.0	108.6	113.2	112.3	115.6
Transportation	100.0	112.0	119.5	119.8	119.8	119.8	119.8
Clothing	100.0	100.9	101.9	102.3	101.5	102.6	103.5
Durables	100.0	100.7	99.3	96.3	96.8	96.8	96.9
Housing	100.0	105.7	108.5	109.1	107.8	109.1	108.5
Food and beverages	100.0	99.1	103.6	109.1	117.8	113.5	118.3

Sources: Monthly Bulletin of Consumer Price Index and data provided by Egyptian authorities.

Table 9.3: IMPLICIT PRICE DEFLATORS, BY SECTOR

(Column A = index, 1964/65 = 100; Column B = percent change from previous year)

Sector	1965/66		1966/67		1967/68		1968/69		1969/70		1970/71	
	A	B	A	B	A	B	A	B	A	B	A	B
Agriculture	103.5	3.5	106.2	2.6	108.3	1.97	114.4	5.6	120.5	5.3	127.5	1.7
Industry and mining	106.3	6.3	109.3	2.8	110.6	1.2	110.2	-0.4	111.4	1.1	113.4	1.8
Electricity	100.0	0.0	100.0	0.0	99.2	-0.9	100.3	1.2	94.4	-5.9	82.5	-12.6
Construction	100.0	0.0	106.6	6.6	106.2	-0.3	105.0	-1.1	108.4	3.2	108.4	0.0
Commodity sectors	104.2	4.2	107.3	3.0	108.7	1.3	111.5	2.6	115.0	3.1	116.1	0.9
Transport and Communication	101.0	1.0	101.7	0.7	102.0	0.3	101.0	-1.0	102.4	1.4	101.4	-1.0
Trade and Finance	100.7	0.7	102.7	2.0	107.0	4.2	108.5	1.4	109.3	0.7	109.6	0.6
Distribution sectors	100.9	0.9	102.2	1.3	105.2	2.9	105.8	0.6	106.7	0.85	106.5	-0.2
Housing	100.0	0.0	100.0	0.0	100.2	0.2	100.3	0.1	100.2	-0.1	100.2	0.0
Public Utilities	101.1	1.1	100.0	-1.1	99.0	-1.0	100.0	1.0	100.0	0.0	99.2	-0.8
Other services	102.2	2.2	104.3	2.1	105.1	0.8	103.9	-1.1	104.4	0.5	104.4	0.0
Service sectors	101.8	1.8	103.4	1.6	104.1	0.7	103.2	-0.9	103.6	0.4	103.6	0.0
GDP	102.9	2.9	105.2	2.2	106.8	1.5	108.2	1.3	110.4	2.0	110.97	0.5

Source: Calculated from Tables 2.3 and 2.4

Table 9.4 : IMPORT AND LOCAL PRICES FOR AGRICULTURAL COMMODITIES

(in £E per metric ton)

	1966/67	1967/68	1968/69	1969/70	1970/71	1971/72 1/
Average import prices						
Wheat	30.6	29.4	24.4	23.7	30.9	29.4
Wheat flour	36.4	35.6	29.2	28.9	33.4	35.6
Maize	30.5	25.9	--	24.4	32.4	24.8
Vegetable oil	129.2	117.4	92.9	127.9	161.5	173.1
Sugar	30.6	26.6	--	44.1	--	--
Lentils	78.0	77.9	90.3	70.8	76.3	82.7
Sesame	117.4	107.6	97.0	111.8	120.9	132.2
Tea	421.4	393.3	355.0	371.3	387.3	390.0
Coffee	299.3	251.0	245.5	273.0	295.1	278.2
Edible tallow fats	102.5	94.4	76.5	107.5	130.5	119.8
Inedible tallow fats	67.1	61.5	63.0	86.5	97.3	87.0
Frozen beef	238.5	242.5	--	245.3	300.8	334.3
Frozen mutton	168.7	--	180.1	183.7	192.2	203.8
Cows alive (per head)	31.0	40.0	31.0	51.5	47.2	58.0
Camels alive (per head)	50.7	50.0	50.0	50.2	50.7	50.7
Selling prices						
Wheat	29.5	29.5	30.5	29.5	29.5	29.5
Wheat flour	46.2	46.2 2/	51.9	51.9	51.9	51.9
Vegetable oil - (rationed)	44.7	49.7 2/	49.7	49.7	49.7	49.7
Sugar (rationed)	66.0	66.0 2/	70.0	70.0	70.0	70.0
Lentils	75.7	75.7	79.6	69.0	69.0 2/	79.0
Sesame	107.0	107.0	107.0	107.0	107.0	110.0
Maize	25.7	33.3	33.3	30.0	30.0	30.0
Vegetable oil (factory for hydrogenation)	100.0	100.0	100.0	100.0	100.0	100.0
Tea (Indian/Chinese/ Turkish)	1,140.7	1,165.6	1,165.6	1,165.6	1,165.6	1,165.6
Tea (Yacout Indian)	1,448.5	2,262.9	2,262.9	2,262.9	1,862.9 3/	1,862.9
Tea (Ceylon)	1,821.9	2,778.0	2,778.0	2,778.0	2,178.0 3/	2,178.0
Tea (extra)	2,535.8	4,035.8	4,035.8	4,035.8	3,435.8 3/	3,435.8
Coffee (Brazilian)	674.0	674.0	674.0	674.0	674.0	674.0
Coffee (Yemenese)	814.0	814.0	814.0	814.0	814.0	814.0
Sugar (nonrationed)	160.0	160.0	160.0	160.0	150.0 3/	150.0
Edible tallow fats	180.0	220.0	220.0	220.0	220.0	n.a.
Soap fats (solid in bulk)	123.0	123.0	123.0	123.0	123.0	123.0
Soap fats (in drums)	130.0	130.0	130.0	130.0	130.0	130.0

1/ Provisional; import prices based on data through December 31, 1971.
2/ Raised during fiscal year to the price shown for the following year.
3/ Prices shown are those effective after the price reductions of November 1970; earlier prices were the same as for the previous year.

Source: General Authority for Supply Commodities.

Table 9.5: WAGE BILL, BY SECTOR

(in millions of LE, at current prices)

	1959/60	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70
Commodity Sectors	219.1	373.8	412.2	420.6	413.2	444.5	472.0
Agriculture	98.0	165.8	197.1	204.9	201.3	210.7	218.4
Industry	88.8	149.6	154.2	155.2	160.0	166.2	175.7
Electricity	2.4	4.7	4.9	5.0	4.7	5.9	6.3
Construction	29.9	53.7	56.0	55.5	47.2	61.7	71.6
Distribution Sectors	109.5	166.0	180.2	186.2	196.2	203.5	212.0
Transport and communication	39.3	64.3	73.8	75.7	78.4	82.4	85.3
Trade and finance	70.2	101.7	106.4	110.5	117.8	121.1	126.7
Services Sectors	226.0	357.3	394.0	403.4	422.8	457.6	495.7
Housing 1/	6.1	8.6	9.1	9.9	10.6	10.7	10.7
Public utilities	5.4	7.0	7.5	7.7	8.0	8.0	8.8
Other services	214.5	341.7	377.4	385.8	404.2	438.9	476.7
Total	554.6	897.1	986.4	1,010.2	1,032.2	1,105.6	1,179.7

1/ As in the employment series, there was evidently a change in the coverage of this sector, effective from 1967/68. Since official data have not been adjusted for earlier years, the assumption made above was that wages per worker in this sector rose over the period 1959/60-1966/67 or about the same pace as wage rates in the economy as a whole (i.e. about 5 percent annually, in current prices. Thus, the wage bill for the sector was taken as proportional to employment (as reported in Table 1.6), adjusted for changes in money wage rates).

Sources: Statistical Abstract of the U.A.R. (various issues) and the Ministry of Planning